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# South and East Asia Report

No. 1182

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## SOUTH AND EAST ASIA REPORT

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OFFICIAL WARNS OF GROWING THREAT OF LOCAL TERRORISM

Brisbane THE COURIER-MAIL in English 30 Jun 82 p 27

[Text]

ADELAIDE.— Australia must be prepared for terrorism of the sort that has occurred in other parts of the world, the South Australian Chief Secretary, Mr John Olsen, said yesterday.

Speaking at the opening of a one-day seminar on terrorism here, Mr Olsen said Australia had been largely spared the ravages of terrorism.

The few tragic incidents which had occurred had jolted Australians from any feelings of isolation from terrorism.

"I don't have to remind you of the terrorist acts we have witnessed, but it is sufficient to say what they have lacked in frequency they have adequately compensated in horror, suffering and anguish," he said.

"It is a tragic comment on society to reflect that the names of terrorist groups have become household words."

Mr Olsen said terrorism could be met with firepower, armed guards, chauffeurs wearing flak vests and paramilitary police, as was happening overseas.

"That is fighting the disease, however, not attempting to destroy the factors which cause the disease," he said.

"Solutions will be complex and time-consuming, but it is a step in the right direction to recognise the fact that it is a very real problem." Australia did not have the social injustices that existed in many countries, and its class and religious differences either did not exist or were not as prevalent.

Its people valued the right to disagree and argue freely, according to rules which had been universally accepted because they knew they were workable.

"As a race, Australians have a reputation for being spirited and strong-willed," he said.

"We must show the rest of the world we are too strong to entertain being host to the social malaise which has become a cruel fact of life in many other countries."

CSO: 4220/6013

## REORGANIZATION PANEL'S RECOMMENDATIONS TOLD

### Chairman's Press Conference

Dacca THE BANGLADESH OBSERVER in English 18 Jul 82 pp 1, 12

[Text] Deputy Chief Martial Law Administrator Rear Admiral M.A. Khan, Chairman of the Administrative Reorganisation Committee said that a national level implementation committee headed by Chief Martial Law Administrator will be formed for the implementation of the recommendations of the Reorganisation Committee.

Addressing a Press conference at the CMLA's Secretariat on Saturday the DCMLA told the newsmen that the CMLA had given assurance for the implementation of the recommendations which provide for adequate devolution of administrative, judicial and financial powers at the district and thana levels.

Rear Admiral M.A. Khan said that an amount of Taka 363 crore for creating intra-structural facilities for the conversion of the sub-divisions into districts and upgrading of the 387 thanas would be required. The recommendations would be implemented in three phases and he was hopeful that the implementation could be completed by the end of the Second Five Year Plan. He told a questioner Taka 59 crore would be required for conversion of 30 sub-divisions into districts and Taka 299 crore for the upgradation of the thanas.

In the first phase 116 thanas with a population of over two lakhs have been recommended to be upgraded at a cost of Taka 48 crores, 198 thanas in the second phase at a cost of Taka 152 crore. The average population in each of these 198 thanas would be one to two lakhs. In the third phase 73 thanas will be taken up for upgradation at a cost of 56 crore Taka. These thanas have on an average one lakh population in each police station.

Rear Admiral M.A. Khan said that an amount of Taka 15 crore had been recommended for holding the elections to the district, thana and union parishads. The committee has recommended that the directly elected chairman of the district thana and union parishad would be the chief of administration at the respective levels. The committee further recommended that the elected councils shall have full functional control over the officials working at that level and the elected chairman will be the chief co-ordinator at all levels.

Rear Admiral Khan said that the recommendation further provide for strengthening of village courts in terms of authority and training and development of infrastructure at all levels to make development of adequate authority possible.

Mr. M. M. Zaman, Secretary Cabinet Division and a member of the committee told the Press Conference that the money which has been recommended for up-grading of thanas would be spent phase by phase. But he said, the initial implementation of the recommendations could be possible right now without spending any money on infra-structure. He said that the biggest chunk of the money would be spent for building thana hazat, offices and accommodations.

The DCMLA told a questioner that the functions of sub-divisions will be shifted to the thana and senior officers not below the level of SDO would be posted at thana level.

Thana council headed by a elected chairman and constituted by chairmen of the union parishads would have full control over the thana administration. The officers serving at district or union level would be accountable to the respective council.

Replying to a question Rear Admiral M. A. Khan said the bureaucracy would not create any obstacle in implementing this participatory democracy at the grass root level. He said that the officers would be given rural orientation training.

Rear Admiral M.A. Khan said that although the villages are the lifeline of our country, these remained neglected so far. The present Government had decided to make the thana as the focal point of administration. He said that the committee had recommended an administrative system conducive to fullest utilisation of the rural resources particularly the land. The thana council would plan and execute the local development programmes and the Annual Development Programme (ADP) would be fragmented and a portion of it would go to thanas.

The committee has recommended following functions in broad areas of operations in the thana level: Major part of agriculture, livestock public works health education upto secondary level, cottage industry cooperatives communications and family planning.

The committee has also recommended areas where thana council would be allowed to levy taxation. The areas are tax on annual value of buildings and land transfer of property hearths profession, trades and callings births marriages and feasts, entertainment etc.

Replying to a question the DCMLA said that the recommendations would be scrutinised and then implemented. He said another questioner that the proposal for 51 new districts is not final. New areas might be considered for up gradation as districts he said.

The DCMLA said that the committee visited a number of thanas under different districts to study the Local Government administration and met the local leaders of public opinion as well as officials. The committee also obtained public opinion through written questionnaire.

The committee in course of its examination found that popular participation in administration was lacking. Co ordination of field services was totally absent specially at thana level. He said that it was also found that there were too many levels of administration creating for the common man problems of communication and access to Government services.

Rear Admiral Khan said that the committee is firmly of the view that meaningful and effective devolution of authority is possible only in a framework of elected Local Government. The DCMLA said that to achieve the ultimate and of eradicating poverty it would need a dedicated sense of public service both on the part of the officials and the corps of elected leaders of Local Government.

He said that the committee further recommended for transfer of administrative functions to the elected Local Government.

Rear Admiral Khan said that the committee also recommended that a policy of non-intervention by the National Government in matters which are within the purview of the elected Government should be adopted. The oft repeated argument that Local Government needs guidance and supervision need to be stretched so far as to impair popular initiative or to dominate decision making process of the elected leaders the committee recommended the DCMLA said.

He said that a competent implementation machinery combined with popular initiative will set in process of participatory development that may lead to elimination of poverty provided the National Government is committed to this goal. It is through self government that popular leadership can emerge, popular energy is generated sustained and used for national development Rear Admiral Khan said.

Rear Admiral M. A. Khan said that the committee had suggested an administrative system which would help accelerate the pace of development in the country particularly in the rural areas. He said that the administrative inadequacies in the present system had deterred the development work in the rural areas and the benefit of development did not reach the people. He hoped that the implementation of the recommendations of the committee would usher in a new era in our struggle for national development.

The Press conference was attended by the members of the committee Mr. A. Z M. Obaidullah Khan, Mr. M. M. Zaman Dr. Sheikh Maqsood Ali Mr. Obaidul Huq, Mr. S. M. Al Hussainy Mr. M. A. A. Samad and Dr. Shaukat Ali.

#### Salient Features Listed

Dacca THE BANGLADESH OBSERVER in English 18 Jul 82 pp 1, 12

[Text] The Committee for Administrative Reorganization in its report has made a number of recommendations including abolition of subdivisions as a unit and turning thana as the 'focal point' to bridge the yawning gap between the Government and the rural people. The report deals with elimination of 'unnecessary levels' of administration reducing the existing 7-tier structure to five and decentralisation of the administration.

The salient features of the recommendations of the committee are as below:

--directly elected Chairman at Zilla Parishad (ZP), Thana Parishad (TP) and Union Parishad (UP),

--officials to be members of the councils at the respective levels.



--elected Chairman to be the chief coordinator at all levels,

--elected councils to have full functional control over the officials working at that level,,

--elected Chairman to be provided with full and adequate staff support in the form of a senior officer to be called chief executive officer.

--Chairman of UPs to be the members of TP.

--Chairmen of TPs to be members of ZP,

--adequate devolution of administrative, judicial and financial powers at district and thana levels,

--strengthening of village courts in terms of authority and training,

--development of infrastructure at thana level to make development of adequate authority possible and

--elimination of unnecessary levels such as subdivisions and divisions.

The committee noticed the following major inadequacies in the existing administrative structure :-

--lack of appropriate, consistent and uniform personnel policies with regard to recruitment, promotion and training of public service

--tadbir-based approach to decision-making,

--difficulties of the common man to comprehend the compartmentalised functions and complexity in Governmental decision making,

--absence of a sound and durable political process to give appropriate, consistent and uniform policies with regard to public welfare,

--vertical-functional departmentalism that vitiates area-based coordination.

--weak Local Government system rendered weaker by lack of representative institutions at different levels of administration,

--creation of parallel political and administrative institutions leading to conflict in jurisdiction and

--reluctance on the part of the political authority to devolve power to the representative institutions at the local levels.

### Subdivisions To Be Converted

Dacca THE BANGLADESH OBSERVER in English 18 Jul 82 p 1

[Text] The Administrative Reorganisation Committee in its report has proposed for transfor mation of 51 sub divisions into districts.

Following is the list of pro posed districts :--Manikganj, Munshiganj Narayan-ganj in cluding Narsingdi Gopalganj Madaripur including Shariat pur Kishoreganj Netrokona Cox's Bazar Ramgarh including Khagrachari Brahmanbaria Chandpur Feni including Lax mipur Habiganj Maulvibazar Sunamganj, Nawabganj Nator Naogaon Sirajganj Thakurgaon Panchagarh Gaibandha Kuri gram including Lalmonirhat Nil-phamari Bhola Pirojpur Jhenaidah Magura inlcuding Narail Bagerhat Satkhira Chuadanga including Meher pur.

### Local Taxes Listed

Dacca THE BANGLADESH OBSERVER in English 18 Jul 82 p 1

[Text] The Administrative Reorganisation Committee in its report proposed that the Thana Parishad would be empowered to impose taxes on a number of items to undertake development programmes independent lv. Replying to a question Deputy Chief Martial Law Administrator Rear Admiral M.A. Khan said that there would not be double taxation by it.

The list of items for taxation by Thana Parishad includes:-

- Tax on annual value of buildings and lands,
- Tax on hearths;
- Tax on the transfer of immovable property.
- Tax on professions, trades and callings;
- Tax on births, marriages and feasts;
- Tax on advertisements,
- Tax on cinemas, dramatic and theatrical shows and other entertainments;
- Tax on animals;
- Tax on vehicles;
- Lighting rate where applicable.
- Drainage rate where applicable.
- Rate for the execution of any works of public utility.
- Conservancy rate where applicable;

- Rate for the provision of water supply;
- Fees on application for erection and reerection of buildings;
- School fees in respect of a school maintained by Thana Parishad;
- Fees at fair, agricultural shows etc;
- Fees for markets;
- Fees for licences;

Fees for specific services rendered by a local Thana Parishad.

- Fees for slaughtering of animals.

Any other tax which the Government is empowered to levy etc:

#### Present Weaknesses Noted

Dacca THE NEW NATION in English 19 Jul 82 p 3

[Text] Tadbir-based approach to decision-making is one of the nine major weaknesses that the administrative reorganisation and reform committee found in the existing system in the country, reports BSS.

Other inadequacies of the existing system are:

Lack of appropriate, consistent and uniform personnel policies with regard to recruitment promotion and training of public services.

--Difficulties of the common-man to comprehend the compartmentalised functions and complications in government decision-making.

Absence of durable political process to give appropriate, consistent and uniform policies with regard to public welfare.

Vertical-functional departmentalism that vitiates area-based coordination,

Weak local government system rendered weaker by lack of appropriate political direction.

--Weakening of traditional administrative and representative institutions at different levels of administration.

--Creation of parallel political and administrative institutions leading to conflict in jurisdiction.

--Reluctance on the part of the political authority to develop power to the representative institutions at the local levels.

TEXT OF FOREIGN MINISTER'S SPEECH IN NICOSIA

Dacca THE BANGLADESH OBSERVER in English 18 Jul 82 p 5

[Address by Foreign Minister Mr. A.R. Shams-ud-Doha at the plenary session of the ministerial level meeting of the Non-aligned Coordinating Bureau at Nicosia, Cyprus on July 16]

[Text] Mr. Chairman,

All of us have, at one time or another during the last few weeks predicted that Israel would aggress and yet, each one of us have hoped that some measure of common sense and some feeling of humanism would prevail at the very end to avert disaster. We were all proved wrong. Force has prevailed in the face of sincere persuasion. The aggressor has rightly assessed that persuasion represents weakness.

"We are also each aware of the deep divisions which permeate our ranks, and yet we are also somewhat shamefacedly reconciled to the tragic fact that we are incapable of forging unity. This is all for the good because we are at least honest about it all. This is why I think that all is not lost and that we can, if we have the political will, not only demonstrate our solidarity but mobilise such forces as are necessary to have this aggression vacated.

"The people of Bangladesh have been shocked by the Israeli invasion of Lebanon. The sense of shock goes well beyond a mere expression of words. We are shocked even more that those who are reckoned to possess real power have not exercised it to prevent aggression; rather they may have knowingly or unknowingly contributed towards it.

"Events in Lebanon have established quite clearly that unless the inalienable rights of the Palestinian people are met and an independent Palestine established, aggression will continue. The events have also proved quite clearly that unless Lebanese sovereignty is recognized and respected, this aggression will increase in geometrical progression. These are not contradictory. On the contrary, it is the reality which all of us must face to find a humanitarian and just solution

"Over decades now, the Palestinian people have been identified with terrorism by a continuous exercise in propaganda, most of it self-deceiving Israel has

been consistently presented in an image of the oppressed and persecuted deserving continuing compassion on the one hand and the means to defend themselves on the other. I believe that history has never before witnessed so great a distortion of facts. It is so great and it has been made to appear so real that the allegedly oppressed are today able to aggress with impudence while the international community have become mere bystanders.

"We firmly believe that the present grave crisis has clearly focused attention on the need to demand universal recognition of the PLO by the international community. In fact, the present mechanism of negotiation already bears all the elements of recognition. We also believe that the immediate vacation of aggression by the Israelis coupled with the recognition of the PLO on the one hand and the respect for Lebanese sovereignty on the other are essential ingredients for a political settlement of the present conflict.

"On behalf of the people of Bangladesh, Mr. Chairman, I express our solidarity with the Palestinian people with their representative organisation PLO and with their great leader Yasser Arafat.

"I also take this opportunity of expressing our sincere grief for the loss of life and property sustained by the Lebanese and the Palestinian peoples.

"We pray that peace is soon restored to enable the people of Lebanon to lead a normal life which will enable them to rebuild their country in complete freedom and without fear of further aggression.

"I conclude, Mr. Chairman by thanking you and the Government of Cyprus for the warm hospitality and kindness extended to my delegation and myself and also thank you for organising this important Conference at such short notice"

CSO: 4220/7682

VISITING WORLD BANK OFFICIAL HOLDS PRESS CONFERENCE

Dacca THE BANGLADESH OBSERVER in English 18 Jul 82 pp 1, 12

[Text] Mr. William David Hopper Vice-President of World Bank for South Asian region, commended in Dacca on Saturday the new fiscal and other economic policies of the Government. He termed the country's national budget for 1982-83 as a remarkable and bold document which, he felt would have far-reaching effects for promotion of development activities.

Summing up his impressions about the state of the national economy and the prospects for its growth and development in the light of the new policy moves of the Government, the WB Vice-President told the newsmen at a Press conference at the conference room of the External Resources Division (ERD) that the country was now better poised for steady growth and development of its economy.

Mr. Hopper leaves Dacca today (Sunday) for Calcutta on route to New Delhi at the close of his six-day familiarisation tour of the country. His discussions with the Government leaders including the Chief Martial Law Administrator Lt. General H. M. Ershad during his stay in Dacca covered different aspects of the new national budget, development priorities and choices of the new administration, economic reforms and policy changes initiated after the change in government on March 24 last, prospects for aid-flows new investment policy etc.

Kazi Fazlur Rahman, ERD Secretary, was present at the Press conference, addressed by Mr. Hopper on Saturday.

Mr. Hopper told the newsmen that his visit to Bangladesh this time was aimed at assessing for himself the impact of the recent events on the development scenario of the country. He recalled that he came to Dacca last time almost a year back after the shock that took place on May 30. '81.

Mr Hopper felt that the country has by now succeeded in finding a course for her development through the successive changes in her governments.

Referring to his discussions with the CMLA, he observed that he discussed a wide range of development and other issues with General Ershad who he felt, would be able to provide the leadership, recapture the development initiative and reinitiate the growth process for building a viable economy for the well-being of the people of Bangladesh.

Mr. Hopper said that he was much impressed by the priorities in the Annual Development Programme for 1982-83 and stated that the ADP "reflects the availability of the resource and priority development needs of the country." He added that as the Vice-President of the World Bank and also the Chairman of the Air Group, he felt convinced that the community of donors would render assistance to Bangladesh to meet her present as well as future development targets.

Replying to a question, he said that Bangladesh is the second largest recipient of aid from the World Bank's soft-loan agency, IDA. The largest recipient of IDA assistance is India, he noted.

He pointed out that total assistance to Bangladesh in 1981-82 was 14.7 per cent of the IDA funds for the year. He hoped that the same level of assistance from the IDA would be continued in 1982-83 for Bangladesh. But the assistance be more than the previous level if the present state of problems relating to the IDA's sixth replenishment of funds for development assistance can be overcome he added.

Answering another question the WB Vice-President stated the seventh replenishment for IDA's funds is scheduled to begin in July next.

Mr. Hopper termed the prevailing international aid climate as a difficult one with a manifest tendency on the part of some major donors to curtail their aid programmes.

About the prospects for more assistance from the World Bank for Bangladesh in order to enable the latter to overcome the problems on account of shortage of funds for meeting the local costs of the projects, the WB Vice-President said that the World Bank does not discriminate between foreign exchange costs and Tk. cost and it appraises the full cost of the projects at the time of committing funds for the same. "We only want to see that the recipient country funds a part of the project cost in the manner of making some down-payment for the same", he added.

Replying to a question as to whether the Government has reduced the subsidies on account of fertiliser sale and foodgrains distributed under rationing system owing to any pressure from the World Bank or other donor agencies, Mr. Hopper stated that such decisions reflect only the choice and the option of the Government.

CSO: 4220/7682

ERSHAD MESSAGE TELLS CONCERN OVER IRAN-IRAQ CONFLICT

Dacca THE BANGLADESH TIMES in English 17 Jul 82 p 1

[Text] NICOSIA, July 16--The Chief Martial Law Administrator, Lt. Gen. H. M. Ershad, today expressed Bangladesh's "grave concern" at the "very serious situation arising out of the Iraq-Iran conflict" and the deep shock at the events in Lebanon reports BSS.

This was conveyed in a message by the CMLA to the President of Cyprus, Mr Spyros Kyprianou, handed over to him by the Bangladesh Foreign Minister Mr A R Shams-ud Doha now attending the emergency session of the Non-aligned Coordinating Bureau here.

The message was also read out during the general debate of the bureau meeting by Foreign Minister Mr Doha who was received by President Kyprianou this morning.

Following is the text of the message:

"Your Excellency,

Kindly convey the grave concern and anxiety of Government and the people of Bangladesh to the Bureau of the Nonaligned countries as result of the very serious situation arising out of the Iraq-Iran conflict and which directly affects our combined efforts to render assistance and support to our Palestinian brethren.

The people of Bangladesh is deeply shocked by this events in Lebanon and we fervently urge the movement whose bureau has assembled under your hospitality and on initiative to appeal our non-aligned brothers Iran & Iraq to cease hostility immediately so that our combined efforts can be directed towards facing the common Israeli threat."

CSO: 4220/7680



PROJECT MONITORING DIRECTOR ON PROBLEMS ENCOUNTERED

Dacca THE BANGLADESH TIMES in English 17, 18 Jul 82

[Article by M. Mokhlesur Rahman, Director, project monitoring bureau, Government of Bangladesh]

[17 Jul 82 pp 5, 7]

[Text] The number of problems and bottlenecks which affect project implementation by way of cost over-run and time over-run are many. The number of problems which have been identified by the Project Implementation Bureau (now Project Monitoring Bureau) in the course of its work over the last seven years runs to over twenty. However, the major ones are indicated below:

- (1) Spreading thin of available investible resources over too many projects;
- (2) Shortage of funds (both Taka and Foreign Exchange requirements);
- (3) Non-availability of vital inputs (e.g. plant, machinery, etc) in time;
- (4) Faulty preparation/formulation of projects;
- (5) Delay in approval of projects;
- (6) Shortage of skilled manpower;
- (7) Injudicious acceptance of foreign aid;
- (8) Problem of debt-servicing liabilities and the consequent short release of funds;
- (9) Delay in release of funds;
- (10) Failure to apply management tools (such as network analysis and critical path analysis technique) project implementation; and
- (11) Delay due to donor procedures.

It is very important to note the interrelated nature of many of these problems. Problems of time over-run are frequently accompanied by problem of cost over-run (however cost over-run problem can take place independently also). One

problem can lead to another and therefore a project can be afflicted by more than one problem at the same time. Conversely, the solution of one problem will lead to solution of others, and minor problems will largely disappear if major problems can be solved. The government has already taken a number of important decisions to solve or minimise these problems. However, the thing is while some of these problems are amenable to solution, others are not so easy to solve, at least in the short run. We are to remember that time over-run and cost over-run are by no means an uncommon phenomenon. They take place everywhere, irrespective of whether a country is developed or developing. But in the context of a less developed country like Bangladesh, instances of time over-run and cost over-run take place far more frequently. Then there is also the question of taking of decisions being one thing while their strict observance and implementation being another.

A brief discussion now follows on the above problems. Suggestions are offered along the way, where necessary or possible.

#### **Spreading Thin of Available Investible Resources over Too Many Projects:**

This problem can also be phrased as "allocation of funds without reference to physical schedule in Project Proformas (PP's)" or as "inclusion of too many unapproved projects in the Annual Development Programme (ADP)". In terms of number of projects affected, this has by far been our biggest problem, but fortunately one for which effectual solutions are available. We have too many projects crowded in the ADP, all crying for funds but since investible funds are very limited, they are spread thinly over all the projects, meaning a situation in which there are some allocations for each and every scheme which can somehow find its place in the ADP, but which are hardly adequate for the implementation of the particular portions which are targetted for completion during the financial year in question according to the physical schedule shown in the project proformas. The number of projects falling under this problem category would be too numerous to mention. Nevertheless, Teesta Barrage Project, Habiganj Gas Field Development (Well No. 3 and 4), 110 MW Khulna Power Station, Mechna-Dhonagoda, Irrigation Pro-

ject, Serafganj IRDP, etc. can be cited as examples.

This problem, because of its enormous magnitude, has already received considerable attention by now. Various exercises have been undertaken in the past to tackle this problem. Mention may be made in this regard of the project pruning exercise, prescription of minimum standards in construction and building, ban on the purchase of cars, preparation of physical programmes of projects for each FY, directives for acquisition on only minimum necessary land and so on. These exercises are continuing right through this day in which both Planning Commission and PMB are cooperating closely. The latest steps consist of emphasis on directly-productive projects and on the exclusion of unapproved projects as far as possible. All these together should hopefully go a long way in solving this problem.

In this context, we should also actively consider decentralisation in terms of geographical regions. This has become overdue. In this respect, emphasis should be shifted from function-oriented multiplication of agencies (we already have too many of them) to area-oriented consolidation of agencies; and the present Divisional Development Boards should be further strengthened in terms of government financial support and institutional develop-

ment. The load of planning, programming, monitoring and (in some cases) implementing projects may be passed on to these Boards to a considerable extent. To a lesser extent, the same can be done to Zilla Parishads and Thana Councils. A good start has already been made by deciding to hand over substantial portions of feeder roads, minor irrigation, rural electrification, etc. to agencies which implement "food for Works" schemes.

**Shortage of Funds (both Taka and foreign exchange requirements):**

This is a problem which is not so easy to solve. From that viewpoint, shortage of funds becomes our most difficult problem. The problem of "spreading thin of investible funds over too many projects" also arises as a consequence of this problem. We are not only wholly dependent on various donors for the entire foreign exchange requirements for our projects but are also directly dependent on them for a substantial portion of Taka resources requirements. Indirectly, we are dependent on them for the entire Taka cost financing as well. The donors give us commodity aid which generates counterpart funds. These counterpart funds go entirely into our development budget providing Taka resources. Commodity aid also indirectly brings about considerable increases in our revenue receipts by way of duty and sales tax, which, together

comprise the most important source of government taka revenue. The government had already taken and are still taking various steps to tackle this problem by providing various incentives on exports and by effecting rationalisation of tax structure, gradual elimination of subsidies on food and fertilizer, and so on but the problem is so formidable in our context that till date little real progress could be achieved because of, among others, high inflation and deteriorating terms of our trade. One of the easier solutions in such a situation is by resorting to deficit financing which is considered an undesirable thing. Among projects which are suffering from this problem (particularly lack of foreign exchange resources), mention may be made of such EMEDC projects as Jaipurhat Limestone Mining and Cement Works, Madhyapara Hard Rock Project, Jamalgonj Coal Mining Project, and so on.

Non availability of vital inputs (e.g. plant, machinery etc) in time:

This major problem is caused primarily by suppliers, by their failures to supply vital project inputs in time. Once a tender is accepted and orders placed with a supplier or contractor much can not be done by project management to ensure supply in time except for a continuous follow-up action as primary responsibility for timely supply remains with the supplies. This is particularly more true in situations where vital projects inputs (e.g. proprietary items) are to be procured from foreign suppliers or under tied aid. Of course, in the event of such delay, punitive actions can be initiated against the suppliers and contractors but that does not eliminate the delay already

caused. Cancellation of orders of procurement or contracts are not always easy because placing of orders or signing of contract with new firms may by itself, take a lot of time because of procedural formalities. Missing of items consignments which have arrived at the port also falls within this problem category. The detection of certain vital items missing from consignments during the penultimate phase of implementation of the Ashuganj Fertilizer Project caused a lot of difficulties and these missing items had eventually to be airfreighted to Bangladesh. Many projects would fall under this problem category. To name a few, we may mention the Ashuganj Fertilizer Project, Gulfrabib Mohini Textile Mills (BMR), 60 MW Chittagong Thermal Power Station, etc.

Faulty Preparation of Projects :

Project preparation is not an easy job. It requires knowledge experience expertise and imagination. It calls for the project formulators to have a clear perspective of the technical, financial, economical, organisational and managerial aspects of a project which is proposed for formulation. It also requires a clear perspective of the working of the national economy. All this would call for a high degree of skill and perspective on the part of the people who are responsible for project formulation. Unfortunately, such skill and perspective are very much lacking in the context of Bangladesh. In many cases, the presence of "square pegs in round holes" makes matters worse rendering project formulation exercise full of faults right from the beginning. Even where there are people who have knowledge

of project formulation, they lack depth and imagination. Now a days a lot of courses are being offered on project appraisal and project management here and abroad. However, they are mostly short courses of 2-3 months' duration, in which emphasis is laid primarily on the economic aspects at the expense of other aspects, particularly technical and organisational aspects. The knowledge that one acquires in such courses is rather mechanical in nature and can be very inadequate for the job of project formulation. In this respect one should guard against the creation of situations in which little knowledge can become a dangerous thing. All these weaknesses in project formulation are reflected in the frequent revision of the project proforma and in the tendency of underestimating costs, while overestimating benefits. This problem can be tackled in a number of ways such as :

(a) Appointment of the right people for the right jobs and through complete elimination of cases of "square pegs in round holes". Some flexibility can be there only in matters of direct requirement at the lowest level (e.g. in case of Research Officers in the Planning Commission, Project Monitoring Bureau, etc.) but even there job area specialization should be initiated for direct recruits through appropriate training programme.

(b) In-depth training in project formulation, appraisal and implementation. Short training courses may not always be the right answers as they may give rise to situations in which little knowledge can become a dangerous thing. Besides, the emphasis at present is primarily on economic and management aspects. Equal importance should be recorded to technical (e.g. choice of technical alternatives) and organisational

Delay in approval of projects is a major problem but it is one in which a degree

of inevitability cannot perhaps be altogether eliminated. The Second Five-Year

Plan was not launched immediately at the end of the First Five-Year Plan (1973-78) and instead, a Two-Year Plan covering the period 1978-80 was launched. This was done specifically with the purpose of ending the "tyranny of on-going projects"; as it was called. This is because at the time the load of too many on-going projects was eating up all the available resources and good new projects in sufficient number could hardly be accommodated in the ADP. Naturally at the end of the Two-Year Plan, when the Second Five-Year Plan was launched, the number of unapproved projects was far in excess of approved ones so much so that the total number of unapproved projects stood at over 1100 in September, 1980 out of a total portfolio of 1,525 projects in the ADP, 1980-81. In spite of the then Presidential directive to get all the unapproved projects approved by December 1980, the number of such projects continued to remain high and even today, out of a total number of 1,679 projects in the Revised ADP, 1981-82 over 600 remain unapproved. The inevitability

of this problem which we mentioned arises because approval can take place only after a project is formulated correctly in terms of its various component parts and only after the costs of components and benefits of project output have been estimated on as accurate and realistic a basis as possible. In this sense this particular problem can be seen as directly related to the problem of faulty preparation of projects and the problem of lack of skilled manpower.

Approval can be accorded to a project only after the Project Evaluation Committee (PEC) can first recommend this approval and the PEC can recommend a project for approval only after it is completely satisfied that the project has been prepared properly in all respects in terms of its component parts and on the basis of realistic esti-

mates of costs and benefits. At the risk of repetition, it has to be again said that formulation of a project is not an easy job and that it requires knowledge, experience, expertise and imagination. Naturally, the donor agencies, particularly the World Bank and the Asian Development Bank almost invariably make it obligatory on the part of recipient countries to undertake feasibility studies first before formulation of an aided project. Unfortunately, in

our context, many projects are included in the ADP without the benefit of prefeasibility or feasibility studies. Many of such projects are included in the ADP because of pressure from various Ministries and agencies. We can call this pressure as pressure from influential quarters. Notwithstanding these problems and difficulties, first the External Resources Division and now the Planning Commission in consultation with other Ministries and Divisions is trying to bring the approval procedures within a maximum time limit of 150 days from date of formulation of a project in full details (in respect of foreign-aided projects, from the date of completion of appraisal). In this regard, it is felt that only approved and foreign-aided projects (provided firm commitments to them have been made) should be included in the ADP.

If we exclude the unapproved projects from the ADP, this problem of delay in approval can largely be taken care of. This should not pose any problem or create any complications. Since the ADP for a particular FY, under present practice, is prepared at two different periods of time — first, in March-May of the preceding FY and then the revised ADP in December-February of that FY, the exclusion of unapproved projects from the ADP at any point in time should not cause concern to any quarters because after just 6 months or so, candidate unapproved pro-

jects, which got approval during that period, can get accommodated in the next ADP, be it Revised ADP for that FY or Original ADP for the next FY. Only a notional reserve allocation in the original ADP should be sufficient to take care of those projects when the revised ADP is prepared. We would, therefore, strongly suggest that the Planning Commission may from now on bring out two documents simultaneously:

(a) An ADP consisting only of approved projects, and also those foreign-aided projects to which GOB's firm commitment has been made, irrespective of whether they are approved or not (Approval in this sense should also include anticipatory approval which is obtained in respect of a few selected important projects;) and (b) Portfolio of Unapproved Candidate Projects for ..... (FY).

#### **Shortage of skilled manpower:**

Shortage of skilled manpower has been quite a problem ever the last few years, particularly in respect of projects the implementation and operation of which require a high degree of technical expertise.

In Bangladesh, the technical jobs of literally every foreign-aided projects are performed by expatriate consultants or experts, be it a fertilizer factory or a paper mill or a sugar mill or a power plant or a river bridge or a barrage. We seem to depend on foreign experts and consultants for technical jobs of any consequence. But it is not that it is always a reflection of lack of technical skill of our local personnel for the jobs. This is also due to a lack of self-confidence on the part of our technically-qualified personnel or to an attitude to "play it safe"

The construction of 3rd Unit of Karnafully Hydroelectric Project may be cited as an example. Originally, only the consultancy job was to be performed by expatriate personnel performed by expatriate per-

sonnel. Construction part of the job was to be done by our own engineers and technicians. However, at a later stage, the Power Development Board opted for expatriate personnel for both the jobs.

The flight of our considerable technical manpower for better jobs abroad (particularly Middle East) has of late caused another major problem, so much so that our government has now to consider recruitment of foreign teachers for our engineering colleges. It is very difficult to quickly fill this vacuum by our own manpower. Restrictions (in some cases, outright ban) have already been imposed to stem such flight. However, considerable damage has already been done. Training and education is another solution, but this will produce results only after a period of time. Shift of emphasis from general education to vocational education and specialised training in fields of practical importance would hold the key to successful solution of this very important problem. However, we are still a long way off from effecting this change.

#### **Injudicious Acceptance of Foreign Aid:**

Decisions to go for foreign aid for part financing of particular projects may automatically inflate the project cost by considerable extent above the original cost estimates that were worked out on the basis of taka financing only. This is particularly evident in the roads sub-sector where one finds that the per mile cost of road construction in respect of foreign aided projects is 4-6 times that for roads which are constructed with taka resources only. Rangamati-Khagrachari Road (41.60 miles) may be cited as a case in point. When the Roads & Highways Department first proposed the construction of this road on the basis of taka financing, the estimated cost was worked out at Tk. 18.00 crore. Subsequently, when part financing of this project was proposed under

Australian Aid, the estimated total cost jumped to Tk. 40.57 crore (with a foreign exchange component of Tk. 16.16 crore alone). Out of the total foreign exchange component of Tk. 16.16 crore, Tk. 8.00 crore were to be incurred by way of salaries and facilities of foreign consultants, fuel cost, etc. Khulna-Mongla Road (22 miles) is yet another example. This is an ADB-financed project. The cost of the Project which was initially estimated at Tk. 35.44 crore in 1973 has now jumped to Tk. 50.48 crore. Such examples can be multiplied. It is, therefore, imperative that extreme caution and care are exercised in accepting foreign aid because without so, there is every danger that not only the total costs of the project would go up, but that there may be substantial increases in the taka costs as well. Thoughtless acceptance of foreign aid may also burden the economy with undesirable projects (such as, capital-intensive projects) which are inconsistent with the socio-economic policy objectives of the country. However, that is another matter.

#### **Problems of Debt Servicing Liabilities and the Consequent Short Release of Funds:**

This has been a big problem plaguing the development projects under implementation now for a long time. The government is fully aware of this problem, but its effective solution has so far proved rather difficult to achieve. The various commercial corporations and boards are supposed to pay their debt servicing liabilities from their revenue budgets but in actual practice, they have failed to do so so far. Payment of debt servicing liabilities is important for generation of domestic resources because debt servicing receipts is a very important component of Government's non-tax revenue. Government (Finance Division) is, therefore, very reluctant to give relief to the executing agencies in this respect and they (Finance Divi-

sion), therefore, deduct the due amounts from the allocations of the on-going projects of those agencies in the ADP. If Finance Division does not do so, there will be a corresponding shortfall in the generation of domestic resources for the next year's ADP. Again because of this deduction the executing agencies receive less amount than what are provided for in the ADP, resulting in shortfall in the progress of the projects. This causes the inevitable time over-run and time over-run, in turn, causes cost over-run. We have a vicious circle here. By a recent decision of the NEC, this particular problem is now receiving high level attention of the Ministry of Finance and the Planning Commission.

#### **DELAY IN RELEASE OF FUNDS:**

This delay takes place mainly in the Finance Division and the Office of the Accountant General, but these two organisations may not be held fully responsible for this. In fact what happens is that the various formalities are not completed by the executing agencies seeking funds, with the result that their requests are sent back for necessary rectification or further elaboration, and this causes delay. Normally this problem affects unapproved projects more severely than approved projects for the simple reason that procedures for release of funds are of necessity more complex for unapproved projects than for approved ones. This particular problem is also receiving due attention by a high level inter-ministerial committee which has recently finalised its recommendations for simplification and streamlining of the various procedures.

#### **FAILURE TO APPLY MANAGEMENT TOOLS IN PROJECT IMPLEMENTATION:**

It is seen that the persons who are actually responsible for, or involved in project implementation lack knowledge of even such simple tools

of management as network analysis and the critical analysis technique. The upshot is that jobs which should be done simultaneously or in their proper sequence are not done so. And this invariably cause delay in implementation. Chittagong Dry Dock and Heavy Steel Engineering Works is a case in point. Here we find that the dry dock itself has been completed but not the supporting workshop, although works on both the jobs could have been undertaken more or less together. Inevitably the implementation of this project has been delayed. This problem can be tackled by imparting training to the project personnel, and in fact the PMB (then PIB) conducted a short training programme specifically for project directors/managers on the critical path techniques some time back. Also by now some 18 short courses on Project Management have been held since September 1978 in which a total of 470 mid-level and young officials have received training. But even here the problem has been that few participants could be drawn from personnel who are actually involved in project implementation in the field. But then this is perhaps a problem of a more general nature and happens with every training programme, particularly in the realm of social sciences. In any case, the appreciably reflected in projects implementation and it may take some time before its effect is so felt.

#### **DELAY DUE TO DONOR PROCEDURES:**

It is not just that only our own government procedures relating to approval of projects, release of funds, and so on delay implementation. Donor procedures may be equally cumbersome and can put such constraints as may eventually result in delay in project implementation. Periodic dialogues with the donors

have not been of much help because the donor countries have their own difficulties at simplifying or streamlining their procedures. An example would be with the procedures for reimbursements of Taka costs which are financed by various donors. If places of the present reimburseable basis, a lot of problems on this account would have been solved.

In the ultimate analysis, all of the above-mentioned problems could be described by the single term of "people-related problem". Because it is people who, through their ignorance, failures, inefficiency or attitude, cause these problems; and it is people again who have to find solutions. We have indicated some of the measures which can be undertaken to combat this people-related problem. This has primarily to do with the recruitment and appointment of qualified personnel strictly on the basis of job requirements, and with training. As regards training, short courses may not always be the answer because of the danger that such courses may create situations of little knowledge becoming a dangerous thing.

Meaningful job rotation is yet another important step that should be practised in conjunction with training in this respect. However, every measure stands the danger of dismal failure unless the attitude of the personnel could also be changed at the same time. And this is a far more difficult task than anything else. Because even with all the world's knowledge and experiences and expertise, highly-qualified personnel may not be delivering goods and services to the country, if they are suffering from a mercenary attitude and questionable integrity at the same time. But then this is a problem which holds true not only for the job of project implementation but for every job as well.

## BANGLADESH

### BANGLADESH, NEPAL PLAN JOINT VENTURE INDUSTRIES

Dacca THE NEW NATION in English 19 Jul 82 pp 1, 8

[Article by Matiur Rahman]

[Text] Bangladesh and Nepal are going to set up a number of industrial plants under joint venture in the Himalayan Kingdom.

The Joint Economic Commission set up by the two friendly countries about four years ago proposed three industrial projects--one jute mill, one pulp mill and one pharmaceutical plant to be set up in Nepal under the bilateral cooperation.

The recent Foreign Secretary level meeting in Dacca during the visit of Nepalese Foreign Secretary Jagdish Shamsher Jang Bahadur Rana, decided to form a "review committee" to monitor the progresss of implementation of the projects under joint venture.

The Review Committee comprising high officials from the External Resources Division of the Bangladesh Government and from the Finance Ministry of the Nepalese Government will start meeting every six month alternatively in Dacca and Kathmandu in order to keep the projects under constant watch.

Mr. Jagdish Rana though visited Dacca during his current tour of four South Asian countries--Bangladesh, Sri Lanka, Maldives and India in connection with the regional forum for cooperation had talks with his Bangladesh counterpart, Mr. Ataul Karim on bilateral matters with particular reference to the recommendations of the Joint Economic Commission.

The Joint Economic Commission set up in 1978 during the state visit of late President Ziaur Rahman had its third Ministerial level meeting in Dacca in January and made a number of recommendations for expanding the areas of bilateral cooperation particularly in the fields of industry and trade and commerce. Nepalese Finance Minister Dr. W. B. Pant led his country's delegation to the Commission's meeting.

Meanwhile, both the governments carried out survey for setting up the proposed jute and pulp mills in Nepal. Feasibility study in this regard is under consideration.

It may be mentioned here that Nepal has two jute mills and the third one will be set up in collaboration with Bangladesh technical know-how and other assistance.

#### JT Chamber

Both the countries are contemplating to set up a Joint Chamber of Commerce and Industry to boost bilateral trade. The Governments of Nepal and Bangladesh are now in touch with each other to give final shape to the joint chamber.

During the foreign secretaries meeting both the sides expressed their determination to increase volume of bilateral trade by undertaking initiative to encourage the private sectors and traders.

The volume of two way trade between Dacca and Kathmundu came to around two crore taka in 1980-81. Bangladesh exported mainly newsprint, paper and paper products and soaps of all kinds worth about Taka 70 lakh while she imported fruits, vegetables and manufactures of metals worth Taka one crore from Nepal during the period.

The joint Economic Commission, however, listed 21 items for export from Bangladesh and only 7 items for import from Nepal. The export list includes textiles including saree, bicycles, plastic goods, readymade garments, G.I. pipes, crockeries and cutleries, electric wires and telephone cables, packaging materials, jute carpets, telecommunication equipments, coir products, cellophane, dried and salted fish etcetra.

The commodities which can be imported from Nepal include rice, mustard seed/oil, marble chips, boulders, pulses and medicinal herbs.

Both the sides also discussed the transit trade that is being done through India from Chittagong port for both export and import of land-locked Nepal. The railwaywagons that carry goods upto Bangladesh border point Birol can carry back boulders on return way in order to make the transport cost cheaper, it was suggested.

CSO: 4220/7687



MERGER OF COOPS, RURAL DEVELOPMENT PROGRAM PLANNED

Dacca THE NEW NATION in English 17 Jul 82 pp 1, 7

[Text] The Government is going to set up a single new organisation--Bangladesh Rural Development Board--merging the existing traditional cooperatives and the Integrated Rural Development Programme (IRDP).

The decision is being taken to bring uniformity removing confusion and conflict in the co-operative-based development activities.

The Rural Development and Cooperatives Division of the Ministry of LGRD has proposed the new idea to integrate the two parallel systems with a view to strengthen the overall credit structure.

The proposed organisation, which is expected to get Cabinet approval soon, will perform the promotional and developmental function while the registrar of cooperative societies will look after the regulatory function of the cooperative societies.

After getting Cabinet approval, the IRDP, Thana Central Cooperative Associations, Krishak Sambaya Samity (KSS) and Bangladesh Samabaya Bank Limited (BSBL), Central Cooperative Bank (CCB), Union Cooperative Multi-purpose Societies (UCMPS) will be brought under the new structure.

The status of IRDP is not yet defined although this has been expended in 330 thanas of the country. The remaining 96 thanas will be brought during the remaining period of Second Five Year Plan. The progress of the registration of the cooperative societies including those set up under IRDP shows that upto June 30, 1981, 104472 primary societies, 764 central societies and 13 apex societies at the national level were registered.

The reorganised credit structure also will have four tiers instead of existing three tiers.

In the proposed structure, primary societies will operate at the base of the village level, TCCA banks at the thana level, which will be assigned as the sole cooperative financing agency in a thana; central cooperative which will function exclusively as the federatio of TCCA banks; all primary societies affiliated to CCBs at present whcih is now transfered to the TCCA banks and the Bangladesh Samabaya Bank Limited will operate at the national level.

The standing decision of the Government to establish a cooperative bank in each thana of the country by redesignating the existing TCCAs as thana cooperative association and bank will also remain in force, it is learnt.

Proposal for delinking the IRDP TCCAs from Sonali Bank and linking them with the Bangladesh Samabaya Bank Limited is also under Government consideration. The inter agency meeting earlier reached consensus that the outstanding loans of the TCCAs with Sonali Bank will be repaid in lump sum. On the other hand, Bangladesh Bank will provide refinancing facilities to Bangladesh Sambaya Bank Limited to enable TCCAs to square up their loan accounts with Sonali Bank. Bangladesh Bank will provide two types of refinancing facilities in respect of overdue and non-overdue loans.

In relation with this new proposal a new interest rate structure for the cooperative credit is now awaiting Government approval. Ministry of Finance is examining the new interest rate separately proposed by Bangladesh Bank, Rural Development and Co-operatives Division of the Ministry of LGRD and the Finance and Investment wing.

CSO: 4220/7679

JAPAN TO INCREASE ECONOMIC AID TO BANGLADESH

Dacca THE BANGLADESH OBSERVER in English 22 Jul 82 p 1

[Text] Japan is expected to increase its quantum of economic assistance to Bangladesh by 10 per cent in the current financial year according to diplomatic sources in Dacca on Wednesday reports ENA.

Japan extended an economic assistance to Bangladesh to the tune of 210 million U.S. dollars covering both loans and grants for the year 1981-82:

The sources said that Japan had already indicated its increased loan and hoped that the grant was also likely to be increased.

They described Japan-Bangladesh relation as good and economic ties between the two countries would further develop.

The sources further expressed satisfaction over Government measures to improve the economy of the country and felt that the Government move to "decontrol" industries would be beneficial to the growth of economy.

They however believe that some more measures should be taken to encourage foreign investment in Bangladesh.

It may be recalled that Japan provides economic and technical assistance to Bangladesh particularly in the fields of agriculture and Petrochemicals.

CSO: 4220/7690

IMF AID TO BANGLADESH REDUCED BY 580 MILLION SDR

Dacca THE NEW NATION in English 21 Jul 82 pp 1, 8

[Text] International Monetary Fund (IMF) will not give to Bangladesh 580 million SDR out of 800 million SDR it had committed to Dacca in December 1980.

This was indicated by Planning and Finance Minister A.M.A. Muhith while talking to members of Overseas Correspondents' Association, Bangladesh in Dacca yesterday. He said, the IMF fund was meant for financing Bangladesh balance of payment deficit for a period of three months. He said, the limited purpose assistance did not operate any longer.

The IMF had approved on December 8, 1980 a total of 800 million SDR for Bangladesh of which 319.30 million SDR was under the extended fund facility. The remaining 480.70 million S D R was for supplementary financing facility.

Under the agreement Bangladesh received 220 million SDR in three instalments. The remaining 580 million SDR was not received by Bangladesh despite several reminders. The Government in the meantime had implemented some of the suggestions made by the IMF as part of its package deal for receiving 560 million SDR.

Minister Muhith, however, brushed aside a broad suggestion made by a newsman that World Bank, IMF and donor countries had influenced the present budget and said, "even without World Bank and IMF I would have presented the same budget."

Mr. Muhith said that the budget provided incentive for investment and equalised benefits for investment for public and private sectors. It also aimed at bringing financial and monetary discipline in public sector, he added.

The Minister expressed his optimism that there would be substantial growth in agriculture sector during the period resulting in availability of goods. He pointed out that highest ever allocation has been for the agriculture sector in the current budget and expected growth rate in the sector could be achieved, he said.

He said these will result in the upturn in the economy around November this year and greater availability in agricultural goods and manufactures. This trend is expected to reach peak by March next year when the entire nation would benefit from the budgetary measures.

Mr Muhith said that during mansoon there will be rural infrstructural work and food for work programme to generate income in the villages.

The Minister said that the budget estimate had been made keeping, in view the level of disbursement of foreign assistance. He said we have taken a very hard look at the disbursement level and excluded the uncertain commitments. He pointed out that the estimated foreign assistance of 1,305 million dollars for the current fiscal year was work out on the basis of aid in pipeline and also commitment which are fairly certain.

CSO: 4220/7689

BANGLADESH

OPEC LOAN AGREEMENT SIGNED IN BONN

Dacca THE BANGLADESH OBSERVER in English 18 Jul 82 pp 1, 12

[Text] BONN, July 17--An agreement for a loan of \$30 million was signed on Thursday between Bangladesh and OPEC Fund for Interational Development according to a PID handout.

The agreement was signed at the Fund's headquarters in Vienna by Mr. A.K.H Morshed Bangladesh Ambassador in FRG and Austria on behalf of Bangladesh and by Dr. Mahsoun Jalal, Chairman of the Governing Board of the Fund.

The Government of Bangladesh will utilize the loan for the finance part of the loans of the Ashugonj Thermal Power Project co-financed by the Kuwait Fund for Arab Economic Development (KFAED) the Internation Development Bank (IDB) and the Kreditanstalt Fuer Wiederaufbau (KFW).

The project involves the extension of the Ashuganj Steam Power Plant and installation of additional units for generation and transmission of increased energy as also to establish a simulator to train the staff of the Bangladesh Power Development Board.

The loan is interest-free with service charge of 0.75 per cent per annum and with 20-year maturity including a grace period of 5 years.

CSO: 4220/7682

FORMER FINANCE MINISTER CONVICTED OF CORRUPTION

Dacca THE BANGLADESH OBSERVER in English 18 Jul 82 pp 1, 12

[Text] The Special Martial Law Tribunal No. 2 on Saturday convicted former Finance Minister M. Saifur Rahman in one or the three charges of the corruption case against him and sentenced him to suffer imprisonment till the rising of the court, reports BSS.

The five-member tribunal headed by Colonel A. B. M Elias also ordered the former Minister to pay a fine of Taka 2 lakh in default, to suffer rigorous imprisonment for two years.

The tribunal did not find Mr. Rahman guilty of the first and second charges in the case involving a total amount of Taka 28.93 lakh. The first charge relates to exemption of stamp duty to the tune of Taka 22.99 lakh to Gulbarg Cooperative Housing Society. The second charge relates to recommending and obtaining a loan of Taka 5 lakh from the Pubali Bank for Hotel Anurag of Sylhet.

In its unanimous judgement the tribunal observed: "After a careful consideration of the evidence, facts and circumstances on record, the tribunal is of the view that the prosecution has failed to prove the first and second counts against the accused".

But the third count (charge) on misuse of transport, has been proved against the accused former Minister beyond any shadow of doubt. The tribunal therefore, found Mr. Rahman guilty on the third count under Regulation 11 of MRL 1 of 1982 and sentenced him to suffer imprisonment till the rising of the court and to pay a fine of Taka two lakh, in default to suffer RI for two years.

The third charge brought by the prosecution against the accused was that the family members of the former Minister used one additional transport of the Jiban Bima Corporation and then of the Janata Bank over and above the official transport given by the government. Through use of the transport illegally and abusing his official position, the accused had caused financial lose of Tk. 1.93 lakh to the two organisations concerned as cost of fuel, maintenance and drivers' salary.

The tribunal during its eight-day hearing of the case examined 25 prosecution witnesses. Some of the witnesses were cross-examined by difence lawyers. The defence produced no witnesses.

The prosecution case was conducted by Special Public Prosecutor Mr. Ashrafuddin Ahmed. He was assisted by Assistant Special Public Prosecutor A.S.M Obaidur Huq.

The accused was defended by a team of lawyers including Mr. Abdul Malek, Senior Advocate, Mr. Jamiruddin Ahmed and Mr. K. Z. Alam.

CSO: 4220/7682



BRIEFS

**OFFICIALS ON TRIAL**--The five-member Special Martial Law Tribunal No 1 Saturday started hearing the case against former Deputy Prime Minister Mr S A Bari AT former state minister Dr. Aftabuzzaman and 11 other co-accused persons on charge of corruption and abuse of official position under Regulation 11/9 of MLR 1, 1982, reports BSS. The tribunal examined and cross examined one prosecution witness, a former Chairman of the Bangladesh Fisheries Development corporation. A good number of documents and evidences were also placed on record of the tribunal as exhibits. Earlier when the tribunal resumed, Md Mohmudul Karim, Ex-MP. an accused in the case who was stated to be ill, surrendered and was remanded to custody and sent to hospital for treatment. The tribunal adjourned till July 20, 1982. [Dacca THE NEW NATION in English 19 Jul 82 p 3]

**TURKISH MILITARY TEAM**--The five-member Turkish military delegation led by Gen. Celal Bulutlar, the Secretary of the Ministry of National Defence left Dacca on Saturday after a three-day goodwill visit, reports BSS. During their stay in Bangladesh, the delegation called on the Foreign Minister, the Chiefs of Staff of the three Services, Defence Secretary and the Foreign Secretary. The delegation also laid floral wreaths at "Shikha Anirban" attended the renaming ceremony of a road at Banani, Dacca after Kamal Ataturk, visited Bangladesh Ordnance Factory, Gazipur the Kamal Ataturk Multi-lateral High School at Dagan Bhulyan, Noakhali and enjoyed a river cruise on the Buriganga. The delegation was seen off at the Zia International Airport by the Defence Secretary the Chief of the General Staff of the Bangladesh Army, the Assistant Chiefs of Staff of the Bangladesh Navy and the Bangladesh Air Force, and other senior civil and military officials. The Turkish Ambassador in Bangladesh was also present at the airport. [Dacca THE BANGLADESH TIMES in English 18 Jul 82 pp 1, 12]

**FOREIGN ASSISTANCE PUNISHABLE**--The Council of Ministers on Saturday approved certain amendment proposals on Foreign Assistance (voluntary activities) Control Ordinance-1978 and rules framed under it, reports BSS. The Council meeting decided to formulate a law making receipt of any assistance or help in the form of a cash or kind by any Bangladeshi nationals or organisation from any foreign citizen, organisation or government without the approval of the government as a punishable offence. [Dacca THE NEW NATION in English 18 Jul 82 p 1]

**FORMER MINISTER SURRENDERS**--Former Minister for Civil Aviation Mr K.M. Obaidur Rahman on Tuesday surrendered before the Special Martial Law Tribunal No. 2 in connection with the Motijheel RS. Case No. 843 (82) (ML case No. 4) against him

(Obaidur Rahman) and four others, reports BSS. The four other accused who were produced before the tribunal are former Minister for Establishment Mr Majedul Huq, Mr Abdul Aziz Mohammad Bhai Mr Tanveer Majhar and General Manager (Planning) of Bangladesh Biman Mr Ashraf Ali. The five-member tribunal headed by Colonel A.B.M. Elias rejected a bail petition on behalf of Mr Obaidur Rahman who was earlier directed to appear before the Tribunal on or before July 20. He was also asked by the Tribunal in connection with the trial of another case No. 95/3(82) under Motijheel P.S. against him. Mr Obaid was remanded to jail custody. The tribunal, however, accepted the bail petition of Mr. Ashraf Ali and allowed him bail on a surety bond for Taka 3 lakh. The three others--Mr Majedul Huq Mr Aziz Mohammad Bhai and Mr Tanveer Majhar--who were arrested after the proclamation of Martial Law continued to be in jail custody. The Tribunal was adjourned till July 26 (Monday) at 10 a.m. [Dacca THE BANGLADESH OBSERVER in English 21 Jul 82 p 1]

ASIAN DEVELOPMENT BANK--Mr Song Chil Lee, Resident Director of the Asian Development Bank's Bangladesh resident office arrived in Dacca on Tuesday to take up his new assignment. Mr Lee has been with the ADB since its establishment and served the bank in different positions. Prior to this assignment, he was Deputy Director of the Bank's Country Department. The Bangladesh resident office of the Asian Development Bank is the first such office in the developing member countries. The resident office will focus on project implementation, programme formulation and co-ordination with the Bangladesh Government and other members of the donor community. The resident office will be initially located at the Sonargoan Hotel and will be transferred to its permanent site at the Steel House Kawran Bazar after a few months says a Press release. [Dacca THE BANGLADESH OBSERVER in English 21 Jul 82 p 1]

CSO: 4220/7688

ABRAMORITZ AMBASSADORIAL NOMINATION REJECTED

Post Remains Vacant

Jakarta HARIAN UMUM AB in Indonesian 24 May 82 pp 1, 3

[Text] The candidacy of Morton Abramovitz as the next American ambassador to replace envoy Edward Masters is considered a closed matter and Indonesia presently is awaiting the nomination of a new ambassadorial candidate.

Foreign Minister Mochtar Kusumaatmadja, after a meeting with President Soeharto at the executive offices where he accompanied various Indonesian ambassadors from Africa, the Middle East and America last Saturday, declared that he had met with U.S. Charge d'Affaires John Monjo the previous evening and that the American envoy had advised him orally that the nomination of Morton Abramovitz as U.S. ambassador to Jakarta had been withdrawn.

Foreign Minister Mochtar drew the conclusion that the United States had withdrawn the ambassadorial nomination of Abramovitz before Indonesia itself could respond whether it agreed to the proposal or not.

The U.S. State Department, through its spokesman Dean Fischer, last Thursday announced that Indonesia would not accept Morton Abramovitz as the new American ambassador to Jakarta.

According to diplomatic sources in Jakarta, there is a strong possibility that Morton Abramovitz, an expert on China and former American ambassador to Thailand, who was to replace U.S. envoy Edward Masters in Jakarta, was rejected by Indonesia because of his Jewish background. Indonesia, as is known, has a society the majority of which is Islamic, and is firmly anti-Jewish.

The last U.S. envoy, Ambassador Edward Masters, departed Jakarta several months ago. In the meantime, the U.S. Embassy in Indonesia has been headed by Charge d'Affaires a. i. John Monjo.

Foreign Minister Mochtar Kusumaatmadja, in his meeting with the press, also declared that the United States had already given its agreement to the nomination of LTG Hasnan Habib, the present ambassador to Thailand, to become Jakarta's new envoy to Washington. LTG Hasnan Habib will replace Ambassador D. Ashari who has completed his tour of duty to the United States.

## Domestic Political Considerations

Jakarta MERDEKA in Indonesia 25 May 82 p 7

[Text] Filling the U.S. ambassador vacancy in Jakarta has been a problem since the departure of the last American envoy, Edward E. Masters. The Reagan Administration has submitted the name of Morton Abramovitz as its new ambassador. Indonesia, however, has not yet given its approval to Washington's candidate.

Certain political pundits are saying that Indonesia has refused to accept Abramovitz. However, the matter was never publicized or even raised by the Foreign Ministry. And now, the U.S. State Department in a news report has announced that it was that agency which withdrew Abramovitz's nomination as ambassador because his candidacy had not been acted upon by Indonesia.

This is rather strange. The United States is a government that has a strong influence on the New Order. However, the fact that its ambassadorial post in Jakarta has remained vacant for over a year arouses suspicions that there is something which is troubling bilateral relations between the two countries. This suspicion has raised questions in political and diplomatic circles and among observers of the Indonesian political scene.

A little while ago, there was an incident which nearly gave credence to the suspicion that something was troubling Indonesian American relations. At the beginning of May, it was announced that Gen. Jusuf, the minister of defense and security, was to fly to the United States. Instead, according to accounts, he only went as far as Tokyo where he remained for 3 days and then returned to Jakarta. Western European sources stated that the Jusuf trip to America had not been confirmed, or in other words, had been refused by the United States. This was denied by American sources in Jakarta. According to the U.S. sources, Jusuf was awaited in the United States but never arrived. Whether this story is true or not, only the concerned parties can say for certain. However, at least it gives a certain indication of the state of relations between Indonesia and the U.S.

Jakarta's refusal of Morton Abramovitz, besides demonstrating Indonesian firmness in upholding its sovereignty, also reflects its careful attention to the selection of ambassadorial candidates accredited to Indonesia from large countries. Domestic political considerations, as well as the country's interests on an international level, compel the Indonesian government to sharpen its sense of discretion.

Morton Abramovitz, of course, is an American career diplomat of great talent and capability. However, as in the case of American diplomat Marshall Green, Abramovitz always provokes popular suspicion. During his tour of duty as American ambassador to Thailand, he played a not insignificant role in influencing the development of that country. Indeed, he was alluded to waggishly as the unofficial administrator of Thailand.

As an American of Eastern European descent, Abramovitz has strong anti-Russian sentiments. He is considered one of the factors that caused Thai foreign policy to tilt towards Beijing. He also influenced American policy towards Indochina and the development of Thai antagonism toward Vietnam. In addition, it is possible that domestic development in Thailand in recent years, to include a military coup and a student revolt, were not free of involvement by Mr. Abramovitz.

Normally, American diplomats like Mr Abramovitz arouse certain fears among the governments to which they are accredited. The Indonesian government is no exception. The government decision to reject the Abramovitz candidacy, besides being appropriate, was also a very purposeful act in preserving an Indonesian foreign policy that is free and active. Professional meddlers in a country's domestic affairs, such as Morton Abramovitz, must be rejected so that they do not pose problems for us.

It is obvious that the ambassadorial candidate to replace Abramovitz also must be scrutinized conscientiously. He must not be a person as equally suspect as Abramovitz, but should be an ambassador of high repute who should not only defend his country's interests in Indonesia, but should also refrain from taking advantage of his position to meddle in our domestic affairs.

#### Habib Denies Rejection

Jakarta MERDEKA in Indonesian 26 May 82 pp 1, 2

[Excerpts] The Indonesian ambassador to Thailand, LTG Hasnan Habib, who shortly will be appointed as Jakarta's envoy to the United States, today denied firmly that he was behind the Indonesian refusal to accept the seasoned American diplomat, Morton Abramovitz, as the U.S. ambassador to Jakarta.

General Hasnan Habib, in a statement read by an Indonesian embassy spokesman in Bangkok, said: "I could scarcely believe my ears when I heard the news from Jakarta alleging that I had been the one to make an unfavorable report concerning Morton Abramovitz."

Hasnan Habib was well acquainted with the American diplomat while the latter was U.S. ambassador to Thailand.

An Indonesian government spokesman said that Ambassador Hasnan Habib returned to Indonesia from May 9-16 to attend a meeting of Indonesian chiefs of mission in Jakarta. Hasnan Habib himself declined further comment on the subject.

9464

CSO: 4213/59

POSSIBILITY OF ASEAN MILITARY COOPERATION DISCUSSED

Hanoi's Aggressive Posture

Jakarta KOMPAS in Indonesian 18 May 82 pp 1, 12

[Excerpts] Foreign Minister Mochtar Kusumaatmadja declared that there was a possibility of military cooperation among the ASEAN countries if Vietnam declined to step back from its aggressive posture that posed a threat to the sovereignty of these countries. The minister said that if Hanoi, on the contrary, mended its ways and directed its attention to its economic problems, then ASEAN would continue to stress its cooperation in that sector.

The above matter was brought up by the minister as he responded to questions Monday evening at Semarang during a press conference concerning ASEAN political activities in response to the Kampuchean crisis.

According to the minister, for the time being ASEAN would continue to give priority to economic activities. "Political activities are only a contingency because of Vietnamese aggression in Kampuchea. If ASEAN were to remain insouciant in the face of Hanoi's bellicosity, it would be considered powerless. Besides, it has become one of our principles to oppose each act of aggression. If cooperation in the political sphere leads to military cooperation as a consequence, it will depend on the future behavior of Vietnam," said the minister.

He declared that Indochina would be a prominent problem for ASEAN throughout the 1980's. "If Vietnam wants to change its aggressive posture, ASEAN efforts to raise the living standards of its own people could be extended to the countries of Indochina, without their being obliged to join ASEAN.

According to the minister, ASEAN efforts to come to grips with the problem of Kampuchea have been relatively successful. Vietnam recognizes that these efforts are supported actively by other nations, or at least have the acquiescence of the non-communist bloc.

On this subject, FM Mochtar further said that "No, it is simply not true to state that our (ASEAN) foreign policy with respect to Kampuchea has not been successful. It is obvious that we can mobilize world opinion to withhold its approbation of Vietnam's actions. But if Vietnam mends its ways, it will

be the recipient of the UN's good offices and there is even talk that it could join ASEAN. Of course, we'll have to see about that first and make sure Vietnam's desire in that respect is not just a pretense, but rather in indication of a reformed attitude."

The foreign minister was in Semarang to give a lecture on Indonesia's foreign policy at a symposium on "ASEAN Perspectives for the 1980's." The symposium was organized jointly by Diponegoro University, the regional government of Central Java and the Secretariat of ASEAN.

Foreign Minister Mochtar said that his appearance outside the capital in various provinces to give lectures on foreign policy was to arouse public consciousness on the subject. It is an activity that the minister has pursued already at several universities and that he will continue at various other institutions of higher learning. "The formulation of foreign policy must take domestic views into account. And when you're in the capital, whatever views you hear on the subject from the provinces are bound to be pretty vague. So, you just have to go out and listen to things for yourself," said the minister.

#### Mochtar Denies Defense Pact

Jakarta HARIAN UMUM AB in Indonesian 19 May 82 pp 1, 3

[Excerpts] Foreign Minister Mochtar Kusumaatmadja declared firmly that bilateral military cooperation among ASEAN countries simply was a function of those nations' right to provide for their self-defense.

"Let me stress that this military cooperation in no way will lead to a defense pact, because what we want to do is return to ASEAN's true objective as an economic association of nations," said the minister to the press yesterday at the Foreign Ministry in Pejambon.

Bilateral military cooperation among various ASEAN countries began several years ago. For example, there have been exercises between the Indonesian and Royal Thai Air Forces, or between Indonesia and Malaysia where the venue for such exercises has switched successively to each nation's territory.

In his appearance before the media, FM Mochtar denied a news account by a Jakarta daily which reported that he had hinted at the possibility of military cooperation among ASEAN countries if Vietnam maintained an aggressive posture that threatened the sovereignty of the members of the five-nation grouping.

The daily KOMPAS on Tuesday reported that FM Mochtar Kusumaatmadja had hinted at the possibility of military cooperation among ASEAN members if Vietnam displayed no intention of abandoning its aggressive posture which endangered the sovereignty of ASEAN's member nations.

9464

CSO: 4213/59

SIHANOUK KIN HAILS POL POT, OMITTS MENTION OF SON SANN

Gentilly KAMPUCHEA in Cambodian 21-27 Jun 82 pp 8-9

[Text] After the people, the Government of Democratic Kampuchea and our national army liberated our motherland from the grasp of foreigners in 1975, we went to make merit for the nation at Preah Keo Monastery of the Royal Palace. We also went to visit Angkor Wat as well as the national museum in Phnom Penh. We, therefore, do not hesitate to firmly state that our fraternal combatant of Kampuchea did preserve our ancient cultural heritage such as sculptures and other properties with great efforts sparing no energy day and night.

It is generally known that under the deceitfully propagandistic slogan: "Collective struggle against colonialism" of Indochinese parties, the Vietnamese strategic goal is to dominate the three Indochinese countries: Kampuchea, Laos and Vietnam. During the period of anti-imperialism and struggle, the Soviet-Vietnamese hegemonists practiced a most criminal policy aimed at crushing the national liberation movements with Democratic Kampuchea as the vanguard and fundamental force so that its party can place its neo-colonial yoke on Kampuchea in place of the U.S.

Later on, under their insane flag of "internationalism-socialism," Hanoi's over-aggression against Kampuchea at the beginning of 1979 suppressed Kampuchean independence and sovereignty, pillaging and plundering to the utmost Kampuchean national resources and materials. As witnessed through television on 22 April 1982: fish in our Tonle Sap are caught by Vietnamese soldiers.

The most significant factor of all which led the Vietnamese to hate Democratic Kampuchea was [Vietnam's] expansionism and Democratic Kampuchea's policy of National independence and sovereignty.

From 1975-1979, Kampuchea saw economic and cultural growth particularly in the field of agricultural production. Every Kampuchean citizen knew very well that the Vietnamese were very fearful if Kampuchea were to evolve toward splendid progress in national construction in all fields. This is especially necessary for spreading influence and positive factors on other nationals, particularly among the Kampuchea kraom in Vietnam who were [are] being suppressed and crushed by Hanoi authorities and who are now struggling for their rights and liberty. Furthermore, for fear that it might have an



impact on their scheme of expansionism, the Soviets and Vietnamese followed a policy of division aimed at preventing the people of Indochina and South-east Asia from uniting in peace based on the principles of mutual respect of each other's independence.

His Excellency Pol Pot, commander in chief of the national army of Kampuchea said very clearly that Kampuchea possesses enough lands, sea waters and forests. She does not want lands from any other country. By its invasion of Kampuchea, and crushing the economy and starving the people, Vietnam follows aggressive policy violating the Lao people and provoking the invasion of Thai people. Vietnam did this without knowing that the people of the four countries would have common interests and would cooperate closely. Along with this, the Vietnamese clique's policy hurts them in ways in which there is no solution. On the economic and financial crisis of Soviet Union and Vietnam, Minister Thiounn Mumm denounced the Soviet Union for using scientific and technological force to kill weaker countries and people of the world.

The Kampuchean question can be resolved on the basis of the three-point accord as a result of conversations between Prince Norodom Sihanouk and H. E. Khieu Samphan, a political principle which addresses the interests of all strata and classes of our people.

Prince Sihanouk and H. E. Khieu Samphan for a long time used to fight against the great power aggressors. We, therefore, wish these two patriotic heroes a firm and long lasting tie and hope that this tie which transcends politics will become a family bond.

Norodom Narintrapong

7429

CSO: 4212/25

COLUMNIST CRITICIZES U.S. CHEMICAL WARFARE STAND

Phnom Penh KAMPUCHEA in Cambodian 22 Apr 82 p 11

[Article by Khieu Kannarith: "Why Does the U.S. Continue to Fabricate the Question of 'Toxic Chemical'?"]

[Text] Currently, everyone is very surprised at the great efforts by the U.S. in making glamorous noise about what they call "toxic chemicals use in Kampuchea and Afghanistan." And recently, the chief cheaters in American diplomatic suits have submitted a report to the U.S. Congress to dramatize their tasteless novels. Consequently, world public opinion wonders why the U.S. tries its best to prop up that act on stage?

Hitler's fascists always taught each other that "any lie, when told many times to the public, would be perceived as true." For this reason the U.S. merely recites its original teacher's lessons. But it clearly cannot deceive international public opinion. Taking contemporary history into account, one sees that only the imperialists use toxic chemicals in a large scale during World War I (1914-1918) by Germany victimized 1,300,000 people in which more than one hundred thousand people were horribly killed. Author Maria Remarque, in a book entitled "Nothing New In the West" ["All Quiet on the Western Front"] wrote: "I saw the shocking scene of victims who coughed with collapsed lungs burnt as a result of toxic gas...." At that time mankind resisted very strongly the use of chemical weapons and in 1925, many nations agreed on a protocol in Geneva banning the use of toxic gas or killing with other biological weapons. At that time, the U.S. refused to sign the protocol (the U.S. only signed it in 1975 after its defeat in Vietnam and after it sprayed millions of liters of toxic chemical agents in Indochina).

At the end of World War II, in contrast to the Soviet Army which took steps to destroy Hitler's lethal weapons arsenals, the U.S. transported from Germany to the U.S. more than 100,000 rounds of chemical munitions in order to continue their research and use. Great Britain used for the first time their chemical weapons after World War II in its fighting in Malaysia. In the Korean War, the U.S. began using its chemical weapons, and in between 1967-69, the U.S. sprayed toxins called "Agent Orange" over the demilitarized zone in Korea. In the war on the Indochinese peninsula, the U.S. destroyed millions of hectares of land with toxic agents in Vietnam victimizing more than 2

million Vietnamese. Its side-effects spread to the next generation with grave consequences (babies were born without eyes, without limbs, with two heads or even without heads). This does not take into account the American troops themselves who also fell victims and now are demanding that the U.S. Government pay damages. In 1980, the U.S. refused to consider a Soviet proposal to strictly ban the use of chemical weapons and it was the only country out of 157 members of the United Nations to vote against the General Assembly's resolution calling on all countries to stop producing and deploying new chemical weapons and to prevent the spread of that kind of weapons to states which do not now possess such weapons.

But why is the U.S. more nervous than other nations?

Nobody should have any doubts about U.S. intentions on this point. In every charge made by the U.S., we do not see a single phrase or sentence that the U.S. is demanding a halt in the use of chemical weapons. Instead we see that the U.S. is requesting a bigger budget to begin production of toxic chemical weapons. This is a preparation for war and not a wish for peace at all because one cannot strengthen peace by preparation for war.

This is, in fact, a deceitful campaign of the Reagan administration to legalize the production of toxic chemical weapons for the Washington war mongers. With this strategy, the U.S. Congress approved \$20 million in 1981 to build a special plant to produce cruelly homicidal weapons at Painblow in the state of Arkansas and earmarked a budget of \$705 million for a chemical weapon program in 1983 and \$4 billion for 1984 for the research and production of new chemical weapons in addition to 90 types of chemical weapons and 3 million chemical bombs on hand. Those war-mongers are very pleased with this progress because they consider these weapons "quiet" in killing human beings without destroying or damaging materials (for those who would be killed would not be worried about the destruction of property) and at the same time the cost is low (a liter of toxic gas called Sarin can kill 1 million people and it costs only \$5).

American imperialists must be clear on one question: in this era it can no longer produce rains and thunder. Last year, the U.S. sent a team of experts to gather and collect evidence in Thailand. This year it pushed the United Nations to send another team of experts. And a group of experts which just arrived in Beijing got a very warm reception. The Chinese were quick to show that they welcomed and supported the Americans' deceitful scheme. As pointed out in the communique of the Ministry of Foreign Affairs of the People's Republic of Kampuchea: the Kampuchean people, like any other peace-loving people throughout the world, absolutely condemn the production of this mass killing weapon. And the TASS declaration of 19 February also shed some light on these war-mongering cliques so it is understood clearly that it does not matter whether it is a nuclear, neutron, chemical or any other weapon which the aggressors use to make a war; they cannot escape severe condemnation.

AGRICULTURAL SUPPORT INFRASTRUCTURE, 1982 PLANS NOTED

Vientiane SIANG PASASON in Lao 3 Jun 82 pp 2, 3

[Article by Sinpangna: Pride in the Fruitful Outcome of 1981 Agricultural Production- Forestry and Irrigation]

[Excerpts] The transformation and economic and social construction in the new phase of our country's revolution is the construction of economic bases, independence, and socialism having agriculture and forest industry as its foundation. Expansion of this base aims at responding to material and spiritual needs of the people of all races, to steadily raise a solid foundation for the protection of our socialist country.

[In 1981] we were able to rejuvenate and expand 14,000 hectares of cultivating area. Intensive agriculture has steadily expanded. The value of last year's agricultural produce amounted to 4.9 billion kip, which is 1.8 times that of 1977. Food supply production was 1,189,150 tons, which includes over 1,154,000 tons of rice. This amounts to 350 kg of paddy rice per person on the average. Industrial production has increased each year. For example, there was a 13.26 percent increase in coffee, 18.25 percent increase in soy beans, 292 percent increase in cotton, 9.09 percent increase in peanuts, and 14.56 percent increase in tobacco. Meanwhile, there have been many achievements in the material and technical base construction for animal husbandry, primarily the Tha Ngon concentrated animal food factory that has highly efficient production. The factory for producing vaccines for preventing animal diseases has been able to produce 5,000,000 doses per year. The chicken-raising station in Dong Dok was improved and expanded. The Nong Teng fish-raising station has been able to produce millions of baby fish per year [as published]. Fish-raising in Houa Phan, Luang Prabang, Xieng Khouang, Savannakhet, and Campassak Provinces has also been revived and expanded. A veterinary network has been set up in all provinces all over the country. Veterinary cadres are being trained regularly. Preventives and antidotes for diseases and epidemic diseases in animals are always available whenever they are needed. This is the reason for the large decrease in animal deaths caused by epidemic diseases, and for the increase in the people's domestic animals each year. There are 880,600 buffalos, which is a 3 percent increase as compared with 1980; 461,500 oxen, a 3 percent increase; 170,400 pigs, a 5.3 percent increase, 49,700 goats and sheep, a 3.5 percent increase, and 5.5 million poultry, a 21.00 percent increase.

One step was made in the expansion of forestry. There is a state enterprise organization for removing state trees, which amounts to 500,000 cubic meters per year on the average. A total of 695,000 hectares of forest has already been surveyed, and a further 75,000 hectares is expected to be surveyed in 1982.

Irrigation is a primary area whose purpose is to help in making decisions concerning other types of work involving forestry and agricultural production. In 1981, irrigation was carried out very well according to the policy set by the party and government, primarily the people's small irrigation ditches.

Meanwhile, the irrigation service works together with the people to build medium-size irrigation ditches in many places, as well as setting up water pumps. The study, survey, and collection of data for planning and building has received a great deal of attention and has served the construction work very well. This has resulted in 120,000 hectares' receiving sufficient irrigation covering up to 26 percent of the rice cultivating area all over the country.

Nowadays, many co-op units are able to produce well. The average income is 500-700 kg of paddy rice per co-op member. In some special co-op units this figure can be as high as 1000 kg per person.

Although the conversion to agricultural co-ops is a brand new problem, and has been confronted with many difficulties, there was much success in converting farmers to the first state of collective socialist mass production. At the present time 442,000 people have joined co-ops. The total amounts to 63,254 families.

The year 1982 is the second year for carrying out the first Five-Year Plan for economic and social expansion. The Ministry of Agriculture, Forestry, and Irrigation has set its policy towards the collective duty of the 1982 plan and the years following. For example, they are set to determinedly and physically carry out the achievements of the 1982 set figures for rice production, which is 1,183,500 tons, or 340 kg per person on the average for the year.

Wood removal should be able to reach 150,000-200,000 cubic meters, and cultivating areas that receive irrigation should be increased to 135,000 hectares. Our aim is to improve the settlements, make good use of the agricultural settlements and agricultural co-ops that have already been set up, and study and set up more agricultural settlements and agricultural co-ops in place where conditions are suitable.

9884

CSO: 4206/60

'ENEMY' MACHINATIONS SAID TO LIMIT CIRCULATION OF COINS, SPUR INFLATION

Vientiane VIENTIANE MAI in Lao 29 May 82 p 2

[Column: Conversations with the Editor]

[Excerpts] After I graduated from abroad almost a year ago, I have not yet found any of the bank's att coins, even though I am a Lao and use Lao money.

Why does the government disbursing not use this kind of money as an example to lead people so they will use it? State goods in each shop have decimal points for the att coins at the end. I think [the att coins] will be valuable whenever they are brought out to be used. It was said they could not be produced on time, but why aren't they ready by now? Can't they still be made in time, or is it because the government does not want to use them?

If the government does not want to use them, why do they set the prices on the machines with fractions (with the att coins at the end)?

Banks have a sufficient amount of the att coins for circulation and have already been doing that extensively. A great number of us have received the coins and used them widely. Nowadays, however, from my observation I see that many people do not like to use this type of money. Why? I think it depends on what they think. These ideas are based on different reasons, the primary reason being that they have never used them before, and they are too lazy to be bothered with them (they don't want to bother with such small change). Besides, this is a problem with enemies who create confusion in our economy. They have been using all means to sabotage our economy and our monetary system, and to create inflation, raise the prices of goods, etc.

These are only some of the things I want to point out to you. They are not caused by us, but instead they arise from the situation created by enemies who want to create confusion in the monetary system and economy, as we all know.

Thank you.

9884

CSO: 4206/60

ORGANIZATION, ROLE OF VIENTIANE FOODSTUFFS CORPORATION REPORTED

Vientiane VIENTIANE MAI in Lao 29 May 82 p 2

[News Column by S. Chanthavong]

[Excerpt] I interviewed Mr Khamphouk Phommavongsak, assistant chief responsible for the foodstuffs corporation. He is very happy that we continually follow the actual work of his corporation. He agreed to tell us the details of the work and their 1981 achievements. The foodstuffs corporation is subordinate to Vientiane Capital. Its workers serve in distributing foodstuffs to cadres, government employees, and workers, including the people in Vientiane Capital.

There are 266 workers in the corporation, 202 men and 64 women. There are 5 divisions, the central administrative office; vehicles and oil control; the central accounting and budgeting office; statistics, planning and prices; and purchase and exchange. There are three big factories under the foodstuffs corporation: the bread and other sweets factory, the fish sauce and fermented fish factory, and the slaughter house and meat and fish distribution center. There are four vegetable and fruit distribution branches which are directly under the foodstuffs corporation. They are the vegetable and fruit distribution branches 1, 2, 3, and 4. In the foodstuffs corporation we take part in the expansion of three mass organizations, for [words omitted], youth, and women. Among the 107 outstanding people in 1981 who received complimentary certificates from the government there were 84 men and 25 women. On the provincial level, those who received the complimentary certificates included 106 people, 71 men and 35 women. There are 78 people of service level who received complimentary certificates, 48 men and 30 women.

Work and Policy for Cadres and Workers within the Corporation.

For marriage and birth policy, etc. in the past year, our corporation has expanded purchasing in many places and also in other provinces, for example, all over Vientiane City and Province. There are two places for buying fish, Tha Lat and Nam Xouang reservoir. Purchases are also made in Attopeu and Saravane Provinces. In these provinces our organization purchases produce and chicken eggs from organizations and the masses, and encourages cadres' families who do not work to engage in agriculture and animal raising in order to be self-sufficient. It also encourages the conversion of the youth organization of Sikhottabong District to buy produce for selling to cadres,

especially in the market, in order to ensure food supplies. In order to serve the people our foodstuffs corporation has set up five locations: the Sikai market, That Louang, Nong Douang, the morning market, and the Suan Non market. The actual results of the work have been calculated and show that 153,975 tons of bread was produced which is 51.32 percent, 41,366 tons of sweets or 68.95 percent, 808,598 tons of fermented fish, 741,611 liters of vinegar, and 7595.35 liters of fish sauce. Last year, 403 buffalo, 675 oxen, 422 pigs, and 15 goats were slaughtered and consumed with Vientiane Capital, and 691,900 buffalos, 144,700 oxen, and 23,615 pigs were slaughtered by the private sector to supply the markets.

Purchase and exchange involved 761.15 kg of chickens, 288.044 chicken eggs, 16,484 duck eggs, 500 preserved eggs, 15,436 kg of all kinds of vegetables, [42,233,450] kg of all kinds of fish, 198 kg of pickled fish, 3829 kg of [tiny white fish], 55 kg of dried fish, 162, 760 tons of all kinds of meat, 110,171 bags of sweets, 43,677 sandwiches, 1,269,940 bags of candies, and 549,050 loaves of bread. Fermented fish exceeded the plan by 124 percent, 59 percent of the plan was met for vinegar, 33.14 percent for fish sauce, 1.37 percent for meat, and fish exceeded the set plan by 1 percent.

After carrying out the actual work we set our plan to be consistent with the advisory of the party and provincial administrative committee of Vientiane Capital which was issued only for a future plan, as well as for the direction of the first Five-Year Plan from 1981-1982. Our corporation will increase other kinds of food distribution and increase the purchasing of other produce from various regions in order to serve cadres, government employees, workers, and people of all races all over Vientiane Capital. The reason for this is to respond to the needs of consumers and to steadily raise the standard of living of the people.

9884

CSO: 4206/60



## BRIEFS

CHAMPASSAK CULTIVATION STATISTICS--The total rice growing area in Champassak Province is 84,300 hectares, with 4 people per hectare on the average. The biggest rice growing area is in Khong District, which has 17,670 hectares; Phontong District has 15,800 hectares, Sanasomboun District has 13,040 hectares, and Champassak District has 10,260 hectares. Mr Thongin, chairman of the provincial administrative committee of Champassak Province, confirmed that in the past few years the people in Champassak have succeeded in good harvesting resulting in a figure of 414 kg of rice per person in 1 year. The outstanding issue is production using intensive agriculture. This way, our farmers are able to apply valuable scientific technology in production. For example, in 1981 production Champassak Province farmers used 13,140 kg of seed rice and 296 tons of chemical fertilizer in their rice fields. Moreover, they made extensive use of manure and other technology. [Excerpts]  
[Vientiane SIANG PASASON in Lao 10 Jun 82 p 2] 9884

CSO: 4206/60

## PAKISTAN

### BRIEFS

AID TO DPRK--Pakistan has assured all possible assistance including technical cooperation to the Democratic People's Republic of Korea [DPRK] in the field of civil aviation. The four-member delegation of the DPRK civil aviation and airlines called on the defense secretary general and chairman of Pakistan International Airlines [PIA], Major Gen (retd) Rahim Khan in Karachi yesterday. The delegation requested training facilities for its personnel in the PIA training center and also technical cooperation in other fields. [Text] [BK080943 Karachi Domestic Service in Urdu 0200 GMT 8 Aug 82]

AFGHAN REFUGEE CAMP SUBVERSIVES--Peshawar, 4 Aug (special correspondent)--Due to the vigilance of the law enforcement officials, an attempt at subversion in the Afghan refugee camps was foiled and two members of a terrorist organization were apprehended. The arrested persons had entered Pakistan illegally after receiving terrorist training in Kabul. The accused are named Mohammed Ali and Kadin Ali and they originally belonged to Kurram agency in Pakistan. They were sent before a local magistrate and after their statements were recorded they were given over to the police custody. Both have recorded confessions saying that they had gone to Kabul sometime back on business. In Kabul they had met a ranking personage who, after taking them into his confidence, suggested that if they agreed to carry out subversive activities within the Afghan refugee camps in Pakistan, they would be richly rewarded. They received 3,000 rupees as initial payment and entered Pakistan to carry out their designs. [Text] [GF112022 Karachi MASHRIQ in Urdu 5 Aug 82 pp 1, 6]

OMANI MILITARY DELEGATION--The eight-member military delegation of Oman, which is on a visit to Pakistan under the leadership of Brig Gen (Hasan Insaan Nasir), called on President Gen Mohammad Ziaul Haq in Rawalpindi yesterday evening. [Text] [BK160248 Karachi Domestic Service in Urdu 0200 GMT 16 Aug 82]

CSO: 4203/169

KHMER IRREDENTISM NOTED, COALITION EFFORT SAID TO HURT THAI INTERESTS

Bangkok PATINYA in Thai 19 Jul 82 pp 29-31

[Article: "Behind Democratic Kampuchea"]

[Text] Concerning the official formation of a coalition government by the leaders of the three Khmer factions on 22 June at Kuala Lumpur, this is considered to be another attempt by the three Khmer factions and Asean to oppose Vietnam's invasion of Kampuchea.

By forming a coalition, the three Khmer groups are in the situation of a government without a country to govern. Prince Norodom Sihanouk is the president of Democratic Kampuchea. Khieu Samphan is serving as vice president for foreign affairs. And Son Sann is the prime minister in this government without a country. The government is composed of a minister of finance and economics, a minister of defense, a minister of culture and education, and a minister of public health and social affairs.

Why Did They Join Together?

Concerning the three Khmer factions uniting in a form that all three factions once rejected, the FAR EASTERN ECONOMIC REVIEW stated that it seems that this is the only way for those countries that are trying to find a way to support the struggle to force the Vietnamese troops out of Kampuchea. But the various countries that support the coalition of the three Khmer factions did not consider whether these Khmer groups were ready to join together. Besides this, a readiness to join together is not enough. There must be sincerity if the goals are to be reached.

Considering the past, it can be seen that both Prince Sihanouk and Son Sann are non-communist leaders while Khieu Samphan, a Khmer Rouge leader, is a Chinese-faction communist. These people were once enemies. And the [Khmer Rouge] used force to drive the others out and controlled Kampuchea from 1975 to 1979.

Thus, concerning the agreement signed in Kuala Lumpur, what this amounts to is that the three groups are pretending to forget their differences and conflicts

and uniting in order to oppose Vietnam, which is the common enemy. At the same time, the various differences of the past have just been hidden amidst this show of unity.

Besides the fact that they united in order to oppose their common enemy, the thing that influenced the three groups to unite quickly is exactly as Son Sann said during a recent interview with the mass media:

"We were forced to unite."

The question that arises from this statement by Son Sann is: Who forced the three Khmer groups to unite? It can certainly be no one else but China and Asean, with the United States providing support from a distance. They were trying to pressure the three Khmer factions to unite. After trying for 9 months, during the past several months, Asean, especially Thailand, Malaysia and Singapore, made a great effort. These three countries will provide financial help and food.

In addition to the Asean countries, it is thought that China had great influence in the formation of this coalition. The FAR EASTERN ECONOMIC REVIEW reported that Mr Huang Hua, the Chinese minister of foreign affairs, recently assured Prince Sihanouk that if the Khmer groups joined together, Peking would provide support. And this support from Peking could mean nothing except weapons. At present, Peking has sent at least one shipment of weapons to Son Sann. As for Asean, it has said that it will definitely not provide the Khmer coalition with weapons even though it is weapons that the Khmer coalition needs the most. But, Asean has not denied that weapons from China have been sent to the Khmer groups through Asean. Thus, China is the only country that has constantly and openly provided weapons to the Khmer groups.

How Secure Is the Coalition?

Of the three Khmer groups that have joined together, the Khmer Rouge is considered to be the strongest group. That is, under the leadership of Khieu Samphan, it has approximately 20,000 to 30,000 men and good weapons. It also receives strong support from China. The next most powerful force is the Khmer Seri force of Son Sann, who has about 6,000 to 8,000 men. The Mulinaka faction of Prince Sihanouk has about 5,000 men. But a diplomatic news source has estimated that it has only about 3,000 men.

From this coalition, it can be seen that the Khmer Rouge is at the greatest disadvantage. It has the greatest number of troops and so it should play the greatest role. But its position [in the coalition] is equal to that of factions whose forces are smaller, that is, the Sihanouk and Son Sann factions. Because of this, this tripartite coalition is probably not very secure. Nevertheless, they have joined together even though nothing favored this. The fact that the Khmer Rouge had to join the coalition shows that the Khmer Rouge knows what the situation is and knows that joining the coalition is best for it.

Prince Sihanouk told reporters that if the Khmer rouge has plans to withdraw from the coalition, it will be the Khmer Rouge that suffers because world opinion will turn and support the government of Heng Samrin in Phnom Penh.

As for Son Sann, he later told the FAR EASTERN ECONOMIC REVIEW that the "Khmer Rouge will not gain at all by withdrawing from the coalition." "Thus, why did they agree to join the coalition (in the first place)?" "Because they know that if they someday try to split away and carry on alone, they will receive less and less support at the United Nations." And a similar reason played a part in exerting pressure on the three Khmer factions to quickly join hands. That is, the three Khmer factions were well aware of the fact that if they did not unite, they would definitely lose their seat in the United Nations to the Heng Samrin group. And if that happens, these three Khmer groups will find themselves in a very bad situation.

#### The Next Step of Democratic Kampuchea

The efforts of the various groups has resulted in the formation of Democratic Kampuchea. The next step that Asean, China and Democratic Kampuchea will take together in order to reach the long-term goals is to obtain greater support for Democratic Kampuchea at the United Nations and to reduce the reaction by Vietnam so that Vietnam accepts this and withdraws its 200,000 troops from Kampuchea. This will not be easy to do.

Last year, the United Nations passed a resolution on Kampuchea by a vote of 77 to 37, with 31 abstentions. This has been Asean's only success since Vietnam invaded Kampuchea, even though the seat in the United Nations that Asean preserved for the Khmer Rouge will not play a very important role in pressuring the Vietnamese forces to withdraw from Kampuchea.

As for this year, Asean will continue its efforts at the United Nations, where the next session will open in August. Asean will try to persuade the United Nations to issue a resolution calling on Vietnam to withdraw its forces from Kampuchea and allow the people of Kampuchea to decide their own future. But this attempt by Asean will be difficult because many countries may not vote on the issue of Kampuchea's seat in the United Nations. Besides this, seven of the 10 member countries of the European Economic Community may change their vote this year and abstain this year instead of voting for the resolution, even though the three Khmer groups have united.

#### What Does Thailand Gain From a Khmer Coalition?

Concerning the formation of the Khmer coalition, it can be seen that China is the only country that is giving arms support to the Khmer groups, particularly the Khmer Rouge. And the Khmer groups can accept each group's situation. China is thus the major supporter, particularly concerning weapons. Asean is providing financial support and food. Because Thailand is the only Asean country that shares a border with Kampuchea, the task of forwarding this aid to the Khmer liberations forces has fallen to Thailand. And this is contrary to Thailand's stated policy of remaining neutral. Concerning this matter

of the three Khmer groups, there has been much criticism to the effect that Thailand is taking too great a risk since if it makes such a great effort, it will exhaust itself. And Thailand will not gain anything by helping the Khmer groups build a country. Besides this, Thailand will have to spend money on this without obtaining anything in return.

Looking back in history to the time when things were better and happier in Kampuchea, they were not friends [of Thailand] and they could not be trusted. Also, they secretly struck at Thailand whenever we were careless or when we were experiencing problems. Thus, if the Khmer coalition succeeds in liberating the country, how can we be sure that Kampuchea will remember our help and not secretly strike at us later on?

The thing that must not be forgotten is that by helping the Khmer groups to recover their country, we will be helping to restore the communist party in Thailand too. It must not be forgotten that the three Khmer groups have received great support from China and the CPT is a Chinese-faction party.

As for China, even though its views are identical to those of Thailand and Asean concerning the matter of the Khmer coalition, this does not mean that China will really implement a policy of friendship. At the same time, China will try to spread communist ideals at every opportunity. Thus, China will use the Khmer Rouge as the spearhead in spreading its ideology among the other two Khmer groups. And it will use this Khmer coalition as a tool to spread its influence in this region once again. China successfully used such methods before to spread its ideals in Laos. It did so by infiltrating the Lao coalition government until it reached the point where the Lao government became a communist government. And at present, the Chinese-faction communist party in Burma is infiltrating the various liberation movements in the Shan state.

It is the same in the case of the Khmer coalition. China is trying to use the Khmer coalition as a tool to expand its influence in this region. Thus, it is no surprise at all why China is doing everything possible to see to it that the Khmer coalition succeeds in liberating Kampuchea.

As for the joint support given to the Khmer coalition by the various groups, all of these groups have their own aims. China has the goals discussed above. Asean is doing so because of the fear of invasion by Vietnam. Thailand in particular supports having the Khmer coalition block an invasion by Vietnam outside the country. This appears to contradict what Thai military officials have said. They have repeatedly said that Thailand does not fear Vietnam because Vietnam is not ready to fight Thailand, or it could not defeat Thailand. If Thailand really does not have to fear Vietnam, we should not have to invest money, lose our neutral image or take the risk of serving as a logistics base or rear area for the three Khmer groups so they can oppose Vietnam. And Thailand should not have to increase its forces along the border, which would waste money. Instead, it can use this money to develop the country. This would be better than having a confrontation and increasing the tension in this region. Thailand should really remain neutral and let the Kampuchean

problem resolve itself. Whether they come to terms peacefully or through war is their affair. The fact that Thailand supports the three Khmer groups will not stop the war. Instead, it will expand the war. This is because the propaganda that says that, by uniting the three Khmer factions, it will be possible to exert military or political pressure on Vietnam to withdraw is being spread by dreamers who believe that this will be an easy thing to do.

11943

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THAILAND

EDITORS HIT KHMER COALITION POLICY IN OPEN LETTER TO PREM

Bangkok PATINYA in Tahi 12 July 82 pp 6, 7

[Editorial: "An Open Letter"]

[Text] Topic: Request that the government review its policy of supporting the Khmer coalition.

To: General Prem Tinsulanon, the prime minister.

Concerning the recent formation of the Khmer coalition government in Kuala Lumpur, even though this action was publicized as having been taken by Asean, or in accord with the resolution of the United Nations, it was the Thai government that played the greatest role and it was unquestionably the prime mover in this. Concerning the fact that Thailand played an important part in this, even though the government expects that this will give [us] a good image in opposing the invasion by Vietnam, or on the strategic front, by halting the enemy outside the country or that, on the international front, we will gain the trust of neighboring countries and even the great powers, on another front Thailand will lose honor. Thailand can be accused of interfering in the internal affairs of another country. This is an inducement for enemies to invade the country. And this is to the benefit of the other Asean countries and the great power countries while it is to Thailand's disadvantage. Even if it is claimed that Thailand will not do anything unilaterally but will only act in accord with the resolution of the United Nations, it must be remembered that if Asean passes a resolution to go to war with the Indochina countries, who will be the first one to suffer? Even if Thailand is not defeated or even if Thailand does not enter the war, Thailand will have to serve as a logistics base for the Khmer coalition so it can wage war in Kampuchea. This will result in our interference in the internal affairs of a neighboring country becoming even more clear. Furthermore, the Khmer coalition will have to rely on Thailand as a secure base, or as a rear area, in order to carry on the war in Kampuchea. Thus, the thing that is very worrisome is that Thailand's situation in the future will become just like that of Lebanon today, which finds itself in this situation because the Lebanese government allowed the PLO to stay there.



Another thing that must be realized is that the present Kampuchean problem has resulted from the conflict between China and Vietnam. If this dispute should die down and China and Vietnam become close friends again, the problem that will arise is that the approximately 30,000 members of the Khmer Rouge, the killers of the Kampuchean people, will have nowhere to go and will have to ask for asylum in Thailand. When that time arrives, the Kampuchean faction supported by Vietnam will rightously send forces to invade Thailand. This will be accepted by the world community and Thais will certainly find themselves in the same situation as the Lebanese.

Another clear example of a disaster is that Iraq had to send in forces to seize land from Iran because the Iranian government was trying to change the government in Iraq.

Considering the people in the Khmer coalition who are supported by the Thai government, especially Sihanouk and Khieu Samphan (Pol Pot's Khmer Rouge), it is clear that in the past when these people were in control and had power in Kampuchea, they never acted in a friendly way or with good intentions toward Thailand. Clear examples, which the Thai people still remember quite well, are the Khao Phra Wiha, the Siem Organization and the Ban Noi Pa Rai cases.

Besides this, the formation of the Khmer coalition will not end the war in Kampuchea. Instead, this will prolong the war. The other members of Asean will not be affected by the war since they are all located far away from the area. But Thailand, which shares a border with Kampuchea, will be directly and seriously affected by the war in the border area. At the very least, this will cost Thailand a large amount of money and cause it to lose many men and large quantities of resources unnecessarily in defending the border. Also, this will damage the investment atmosphere and cause a loss of morale among the people because of the uncertainty of the situation. These great losses cannot be calculated. At the same time, these losses will greatly benefit other countries in Asean. This is certain.

PATINYA has constantly supported having the Thai government implement a truly neutral policy and called for it to stay out of things in Kampuchea and allow the Kampuchean people to solve their own problems. PATINYA is strongly opposed to Vietnam's occupation of Kampuchea. Also, PATINYA is against the government tying the nation's interests to those of the great powers or anyone else, which will improperly place the country in danger. PATINYA has constantly been alarmed by the fact that the attempt to prolong the war in Kampuchea will only harm Thailand even more since there will be constant tension in Thailand because of the threat of war. Also, the country will have to budget money to defend the border, investments here will decline and other countries will use this situation to spread propaganda for their own benefit. Thailand will lose markets because it will not be possible to trade with the Indochina countries. Many types of goods have been designated as war materials. In the present situation in which Thailand is experiencing problems in selling its goods, this will make our economic situation even worse. At the same time,

other Asean countries will take this opportunity to serve as middlemen. They will purchase goods from Thailand and sell them to the Indochina countries. This amounts to openly taking the profits that should go to Thailand.

PATINYA feels that the government's policies and actions have resulted in great losses for Thailand and we face much greater dangers. PATINYA feels that the correct thing is that Thailand does not have to be so fearful of Vietnam that it has to intercept the forward troops as is being done at present. Thailand must really take a neutral position and not become involved in the internal affairs of Kampuchea. The problems in Kampuchea must be allowed to unfold by themselves. Those who finally take state power in Kampuchea can then be recognized. As for the great powers that are trying to profit from Kampuchea, let them go ahead and give help; Thailand does not have to get involved. Thailand should trade directly as usual with the Indochina countries. Besides the fact that this will enable Thailand to obtain the maximum profits, this will also eliminate the border black markets. Besides this, Thailand can use the additional money, resources and income earned from trading with these countries to help solve our problems and strengthen the country. If the Indochina countries think about invading Thailand, Thailand is strong and secure enough to handle this.

PATINYA feels that if the great powers or the Asean countries help Thailand, it should be because they feel that Thailand's policies are good policies, that Thailand is strong, that it holds to what is right and has honor and that it is an important force in this part of the world. They should not support Thailand just because they feel that Thailand can be used or because it is declining, which makes it necessary for them to get involved in order to defend their own country.

PATINYA wants the prime minister to know that what has been said above is an honest look at the problems and we have given suggestions with pure intentions and with the best interests of the nation at heart. PATINYA is not "speaking on behalf of Vietnam," "dancing to the tune" of the great powers or acting in the interests of any particular person or group. Also, we have not expressed these views because of any fear of Vietnam, as some scholars have said. And they have said that whoever holds views that are opposed to the government's policies are serving foreigners or that they do not have good intentions. This is a very narrow view, and it will destroy the government's chance to learn about other consequences of the policies. This may be dangerous for the government and the country in general. Besides this, PATINYA is very fearful that, at a time when the government is experiencing domestic problems on all fronts, if it tries to save itself by trying to turn people's attention to foreign affairs, using the border problem as a tool, the result may be that Thailand will suffer the same fate as Argentina in the Falkland Islands case.

PATINYA thus wants to ask that General Prem Tinsulanon consider things from another point of view and that he consider the above suggestions.

11943

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## THAILAND

### RICE PRICES SAID TO BE INADEQUATE, BANKRUPTCIES LOOM

Bangkok PATINYA in Thai 19 Jul 82 pp 9-18

[Article: "Farmers' Power: If There Is a Movement Now, the Government Will Not Have a Seat"]

[Text] The Revolution

Farmers from Pathum Thani Province came and held a rally at the Government House on 10 June in order to protest about the fact that the farmers cannot sell their paddy at the guaranteed price even though the government set the price at 3,750 baht per kwian [1 kwian equals 2,000 liters]. The farmers can sell their rice for only 1,500 to 2,000 baht per kwian. The protest ended the next day when a government representative who is involved in rice matters told the farmers that the government has given 5 million baht to the Market Organization for Agriculture to purchase rice in four districts that are experiencing such severe problems that they have had to demonstrate. This is a temporary solution. The cabinet has allotted another 200 million baht to purchase rice from the farmers. This is market intervention in 15 central provinces. The rice will be purchased for 2,800 to 3,000 baht according to the grade of the rice. Even though the farmers who participated in the rally were not satisfied and not sure about the government's measures, there was no better way out and so they returned to their homes to wait and see what would happen.

The farmers who participated in this protest came from four districts: Khlong Laem, Nong Su, Thanya Buri and Lam Lukka. It has now been 1 month since that day. As for the help that the government promised them, what progress has been made?

Little Money and Slow

Concerning the government's intervention in the market by allowing the Market Organization for Agriculture to purchase rice from the farmers in these four districts, there are still some problems:

1. Concerning the 200 million baht allotted by the cabinet on 16 June, each of these four districts will receive 20 percent, or 40 million baht. But permission to distribute only 7.5 million was given on 29 June. The rest of the money will be distributed later. Added to the 5 million baht that was given the day of the protest, that makes a total of 12.5 million baht. Concerning the remaining 120,000 tons of rice from the second rice crop in the four districts, this money will be sufficient to purchase less than 4 percent of the paddy that the farmers must sell. And if the paddy left over from before is added in, the farmers feel that the government has provided very little money. It seems that the government does not attach any importance to the backbone of the nation or that it does so unwillingly.

2. Concerning distributing the money in installments, the first time, 5 million was given and this was followed by 7.5 million. More will be distributed. Doing things this way has caused the merchants to feel that the government cannot obtain the money necessary to intervene in the market. In the beginning when it was learned that the government had allotted money, the merchants began to take action. But since they have learned that little money has been given, they have not purchased any rice at the government's price. Some families need money now or they have debts and so they have had to sell rice for less than 2,000 baht per kwian. This situation still exists.

"At present, nothing has been done. Since the 10th of last month, nothing has been done. If this was a sick person, he would have died," said a farmer from Khlong 5 Commune compulsively.

3. The reason for the delay is that matters are stalled at the work stage of the officials. The Market Organization for Agriculture purchases rice and turns it over to the rice mills. But the rice mills must first find a bank to put up collateral security. And the mills do not like to get involved in this because there are stipulations concerning what percentage of the paddy must be milled for the Market Organization for Agriculture and how many kilograms must be milled. If the mills purchase rice and do not mill the stipulated amount, the Market Organization for Agriculture will not accept it and the rice mills have to suffer the losses. But if they can avoid this, when the mills purchase rice from the farmers, they can subtract this and that first. It is the farmers who bear the greatest burden as always.

#### Increased Principal But Still Cheated

At a time when rice prices have fallen and the government cannot provide much help, a government spokesman boldly announced that even god could not help. The farmers will experience increases in production costs, including increases in the cost of fertilizer, gasoline and wages. Nothing needs to be said about gasoline since the price has increased continually. A member of the Khong 5 Farmers' Group stated that "previously, I remember when rice was 800 to 900 baht per kwian and gasoline was 140 baht per barrel. Now, gasoline is 1,500 baht per barrel. How much is a kwian of rice? Look, what can be done!"

As for the cost of fertilizer, last year it cost 4,600 baht but this year it is 4,800 baht if paid for in cash. If it is purchased on credit, it is 5,300 baht. Wages for working the rice fields have increased to almost 200 baht per rai. Besides this, the cost of insecticides and wages paid for threshing the paddy have increased, like everything else.

In addition to the increased expenses, some farmers who have sold on credit have been cheated by the merchants. The reason that they have sold on credit is because of the falling rice prices. For example, if they sold the paddy as usual, they would receive 2,300 to 2,400 baht per kwian. Merchants have told the farmers that they will pay 2,800 baht but that they do not have the money just now. They have asked the farmers to wait and no contracts have been made. They have taken 10 to 20 kwian from each farmer and then disappeared. The farmers have still not been paid after more than a year. "I was cheated out of 11 kwian last year by a merchant whom I was acquainted with. Even though we are very poor, they still cheat us. New merchants continually come. The government doesn't have detailed knowledge about what is happening," said a village headman in Khlong 7 Commune to PATINYA angrily when talking about the past.

#### Be Careful of the Farmers' Power

Concerning the protest by the farmers in these four districts last month, even though the protest ended quickly without any trouble, their dissatisfaction is still a danger and it looks as if they are becoming more and more dissatisfied. The rice is piling up at their homes because no one is purchasing any. But the interest on the money they borrowed from private individuals and from state financial institutions will not wait [to be paid] like the [farmers did for] the merchants and it will not decline like rice prices. There is no hope among farmers anywhere and things are ready to explode at any moment if someone ignites the spark. And when that happens, the hidden forces will all unite. The truth that must be accepted is that they eat the farmers rice. We must fight side by side with the farmers. Everyone in the country eats the rice of the farmers.

"At present, they are making contact and they will take action again. But we are worried about the government. If action is taken now, the government will not have a chance to have a seat. I would like the government to wake up as soon as possible before it is too late," said a farm leader to PATINYA in conclusion.

#### Interview With Kamnan Sanga Wongbangchuat

An important person whom the farmers in Khlong Luang, Thanya Buri, Nong Su and Lam Lukka respect and go to for help and whom even government officials in these four districts go to for help is Kamnan Sanga Wongbangchuat, a former MP in the "Race Track", reform and Kriangsak periods. PATINYA feels that the views of this kamnan, who is a leader of the farmers, should not be overlooked.

[Question] Were things like this in previous years?

[Answer] Never. There has never been such a crisis. Farmers have always received over 3,000 baht per kwian. This is the first year. Don't think that 3,000 is good. We asked for 4,500 but returned with only 1,000 plus. Using animals as an example, it is not a case of horses and mules. It is a case of chickens and buffaloes. There is a great difference between our documents and those of the government. We must receive 4,500 baht in order to be able to exist but the government said it would pay 3,700 first to help. But it has fallen to this level. I do not know what the government is thinking.

[Question] Have rice yields here increased very much over those of last year?

[Answer] Not very much. Yields are normal; they have not increased very much. Only expenses have increased. The weakness of the government is that it cannot export rice abroad. There are no measures for the merchants who have registered to take the rice. The rice mills cannot be supervised. And markets cannot be found. On the average, farmers here produce about 50 tang [1 tang equals 20 liters] per rai. Some years, nothing happens because there is no rice to sell. People suffer and no one is to blame. We all suffer but we can bear it. But then when we have rice to sell, the government says that the world market is not good and that our rice is expensive. We cannot listen. That is, we have made comparisons. It can be seen that paddy sells for about 10 baht per tang while rice is selling for 100 baht per tang.

[Question] In addition to these four districts, are the other three districts [in the province] experiencing problems?

[Answer] In Pathum Thani Province, the other three districts have problems too but they have received 22 million. Lat Lum Kaeo District alone has received 16 million. They claim that they had rice to sell first. The government did not try to obtain data first. This may involve political pressure or something. We do not know. I do not want to say anything. They have said that they did not give us any money because they saw that there was rice there 2 months before here and so they gave all the help to them. There is no money here. They were given money because they demonstrated. The rice yields in those three districts are not half of what they are here. The yields here are much larger. But we have not talked about yields. We were not given any of the money because the government did not collect any data. But actually, things in those districts are not any better than they are here. The Market Organization for Agriculture has cut much. But it is still better than having to sell at 1,700 to 1,800 baht. But really nothing has improved. However, this has made the market active.

[Question] How can the problems be solved?

[Answer] There must be a sincere effort. Some money must be found. Rice must be purchased from the farmers. If it cannot be sold, it can be dumped into the sea to end the matter. But the farmers must be given help so they can get

out of this crisis. If we talk like this, the merchants will not be able to sleep either. They have expenses too. The government has said that it will purchase large quantities of rice from Pathum Thani and that it will purchase 500 million baht of rice. But it has actually purchased only 50 million. The merchants cannot remain idle. They must make a living too. They must make purchases quickly. But they do not dare.

[Question] At present, what action are you taking?

[Answer] At present, I am helping the government. I am trying to calm the farmers. I have told them that the government is helping us, although not as much as we want. Whatever we can do to help, we do. We are helping the government as much as possible. I would like to look into the heart of the government to see how honest it is. I do not get anything for this. I just lose money. I have spent much money. I have had to go with the district officer in order to calm down the farmers. We do not want to let the government officials do this. Things would be difficult for the farmers. There is no better way than to do the work oneself.

[Question] The cooperatives here....

[Answer] The cooperatives cannot do anything. Stated simply, they are paper tigers. We know this. Thailand has had cooperatives for a long time now. There was once a ministry but it was demoted to a division. Now there is the Ministry of Agriculture and Cooperatives.

The same thing is true for the technical experts. The various sectors such as the Rice Policy Committee, the departments of foreign trade and internal trade, the Market Organization for Agriculture and the six departments and four ministries that work in this area do little. That is, they have joined together but the people involved in the work do not have any knowledge. They are not doctors but they want to treat the disease. The patient will die for sure. I cannot guarantee that anything will be solved.

[Question] Protest demonstrations may be to the advantage of other groups.

[Answer] No. I won't let them interfere. We will prevent this. First, they won't be allowed to use loudspeakers. And second, those people won't be allowed to get involved. We will contact the government directly. Our representatives will negotiate with the government. The villagers have joined together and asked us to help. We have helped them and told them what to do.

[Question] And the political parties?

[Answer] I haven't had any contact with them. I contact the Office of the Prime Minister directly. Some of the political parties want to join with us. They even want to send representatives from various places such as Ayuthaya, Saraburi and Sukhothai to submit proposals. But we want to discuss only the matter of the farmers' problems with rice prices. If there are changes, we can discuss them later.

## Hired Farmers: Long-Standing Bitterness

When we speak about farmers, many people feel that the farmers are the backbone of the country. They are following in the footsteps of their ancestors as farmers. Some make progress and some totter depending on the talents of each person. The original condition of farming is farming that relies on nature. When the rainy season arrives, the plowing begins and the harvesting is done in accord with the agricultural season. Stated simply, farming is done in partnership with the gods. After the partnership has been formed, the farmers wait for the gods to bring the rains so they can go to work and there must be just the right amount of rain. Otherwise, if there is too much rain, the rice will be ruined. This has been the Thai style of farming since the beginning. And the aim of this work has been to produce enough to eat from year to year. People in former times did not have a lot as they do today and so they did not have to worry and fight among themselves. But today, progress has given rise to needs and working just in order to have enough to eat is no longer enough. People must work in order to have a surplus so that they can obtain other types of goods such as tractors, radios and televisions, which can be used to benefit in various ways. The irrigation system that has been installed has helped solve the water shortage problem at present. And the fact that the world has made progress and is using technology to provide help in farming has resulted in the farmers reaping greater yields. Production has higher goals, that is, to produce more in order to sell it. But the use of technology has increased farm production costs too. The thing that everyone hopes for is that they will at least recover their costs once they invest money. But can this dream come true for everyone? As for mistakes, if too little is produced there will be little to sell or if too much is produced, rice prices will be low. Or if there are no markets, sales will be like they are at present. In such cases, people will suffer losses. And when this happens, it will be difficult to repay the money borrowed from the banks, cooperatives or Chinese. Other problems will follow. These problems will link together to form a chain in the lives of the farmers.

## The Troubled Farmers: The Degree of Severity Depends On Their Position

Farmers at all levels are experiencing problems. First, I will talk about those who own their own land. Even though these people have land to work, they have been affected in various cases. There is the case of Mr Thongchai Nonthanakhon, a farmer in Khlong 5 Commune, Khlong Luang District, Pathum Thani Province, who is 40 years old. He is married and has four children. He finished Grade 4 and went to work in the fields after he finished Grade 4. It can be said that he has grown up in the fields since he has worked as a farmer [since he was a child]. Mr Thongchai has 80 rai and a 5-rai plot that he was given to work as an experimental agricultural mud-flat plot. "My fields won second place in the competition this year," said Mr Thongchai in response to a question by PATINYA. And he added that "this competition is held on the provincial level. I was defeated by one other person by only one-half tang. He produced 97 tang while I produced 96.5 tang. I planted the K.Kh. ["Rice Department"] variety, a hybrid variety." And PATINYA has learned that,



normally, Mr Thongchai's fields yield at least 80 tang per rai. "Last year, I got 3,350 baht [per kwian] but this year (at the beginning of the year) I got only 3,100 baht. And at present I cannot sell any at all." Mr Thongchai talked politely with PATINYA at lunchtime after he finished threshing the rice. Another thing that PATINYA learned was that before he was given the test plot, officials from the Ministry of Agriculture and Cooperatives considered his willingness to look after the fields and his willingness to work. The agricultural officials had to be sure that they would not be disappointed after they gave him the test plot. They asked others in the area about his background and they asked him how interested he was. The aim is to have farmers cultivate rice and benefit. "I have encountered many problems this rainy season. I had to hurry to finish the harvesting. If the rice gets wet, it will lose its quality. After I finish threshing it, I have to dry it before selling it." Mr Thongchai added that "those families that do not have a yard or that have only a small yard have other problems because they do not have any place to dry their rice." The rice varieties grown by Mr Thongchai are K.Kh 21, K.Kh 23 (which resists disease well), K.Kh 25 and hybrid K.Kh. Mr Thongchai said that "rice varieties change constantly depending on what the agricultural and district officials recommend." Most of the fields worked by Mr Thongchai are fields on which the paddy is sown without transplanting since these produce better results than fields on which transplanting of seedlings is practiced.

Mr Thongchai said that "those who rent land are much worse off than I am because the yields are not good and they must sell it at a low price. If sales are like they are this year, they cannot repay their debts. My situation is better and I do not have so many problems." PATINYA learned that, concerning those who rent land, when they rent land, they must borrow money in order to purchase fertilizer, gasoline and insecticides. And this year, the price of fertilizer has increased to 4,800 baht per ton from 4,600 baht last year. If they buy on time from the cooperative, it costs them about 5,300 baht. Gasoline has increased too. Since investments are great, there are problems since the rice can be sold for only 1,600 to 1,700 baht per kwian. When loan costs are deducted, this is not enough. And what will they do next year? Their debts will increase. Mr Thongchai can produce two crops a year, that is, the annual wet rice crop and the second rice crop. At present, the harvesting is underway and as yet no merchant has made contact. Mr Thongchai said that "last year, many merchants came to this village to make purchases. This year, none have come." He also added that "I sell to those who give me a good price. I am not tied to those merchants. Since I cannot sell my rice this year, I will just hold on to it. Since I am not yet experiencing any great difficulties, I will not sell it yet." Certainly, those who are not experiencing any problems do not have to hurry to sell their rice. But others who are experiencing problems and who have debts hanging over their heads must sell even though prices are low. If they do not sell, things will be even worse. Sometimes, the merchants buy on credit, saying that they will pay later (on faith) but they then disappear along with the rice of the farmers. Those who experience such problems find themselves in difficulty.

While Mr Thongchai is a farmer with a position that is somewhat better than others, he said that he too has problems. As for those who rent land, the government has admitted that in the Central Region, very few people engaged in farming own their own land. Most rent land to farm. Based on inquiries, it has been learned that, in Pathum Thani Province, there are more farmers who rent land than farmers who own their own land. When PATINYA visited Khlong 5, we talked with a farm family from Lat Lumkaeo District in Pathum Thani Province. The whole family came here to find work harvesting rice. The entire family moved here. From questioning them, it was learned that their fields there do not give a good yield. After they finish the harvesting, they have nothing to do and so they go to harvest rice for others wherever they can. When they finish the harvesting in one place, they go to find work somewhere else until the next agricultural season when they have enough money to return and work there.

Mr Chaloem Khongchin, age 26, is married but does not have any children. He was not a farmer originally but because his wife was a farmer, he too became a farmer. He helps his family too. "I farm in Lat Lumkaeo. At present, I have been employed to harvest rice. The whole family is doing this," said Mr Chaloem in response to a question. PATINYA saw him sitting in a store near Khlong 5 and saw that he had many of his belongings with him like a person who is about to move somewhere. In response to a question by PATINYA, Mr Chaloem said that "for harvesting rice for them, I receive 120 baht per rai. Previously, when rice prices were better, I received 200 baht per rai." His slow response generated sympathy for him. How hard he must work to harvest 1 rai. Does his pay cover his food and labor expenses? Mr Chaloem also said that "I live over there. I rent land, for which I pay 150 baht per rai. Together with my mother-in-law, I work about 90 rai. The fields there do not give very good yields. I have already sold this year's rice." Mr Chaloem openly said that "this year, I harvested 37 kwian and sold it for 1,700 baht per kwian. I lost money. I had to sell it to pay my debts. We have to repay them." Since he mentioned debts, PATINYA had a chance to ask about this. [He said that] "I borrow from the cooperative and from the bank and sometimes from the Chinese. The loan period is 1 year. They charge 5 percent interest but this must be paid on a monthly basis." And when asked about the rice, Mr Chaloem said that "usually, there are problems with rice diseases. And little water. Sometimes, we pump water at night." Those who rent land to farm deserve sympathy. PATINYA learned that Mr Chaloem uses a tractor. He must use fertilizer, gasoline and insecticide like other fields. As for those who rent land, what they cannot seem to escape from are the debts, regardless of whether the debts are with the owners of the fields, the cooperatives or the banks. And a serious problem for those who rent land is the matter of what they can do to get money to pay their debts in accord with the stipulations. After they finish harvesting their own fields and sell the rice, they try to find work in other fields. (Concerning such cases, PATINYA has learned that a new profession, hired farmer, has arisen among the farmers. During the agricultural season, they hire themselves out to sow the fields, and at harvesting time, they are hired to do the harvesting. Regardless of the reason for this, this problem has arisen.) Just before he left to help his relatives put their belongings on the bus to go to fields

elsewhere, Mr Chaloem said that "I would like to see rice prices increase so that we can survive." This is the life of a farmer in the Central Region, where yields are thought to be better than elsewhere. No one knows when such problems began. One day when they cannot pay their debts or the owners of the land stop renting land to them, their situation will be similar to that of the laborers. They will use their physical labor to perform the occupation they inherited from their forefathers. And if such troubles increase, this will be a major problem that we should all help solve.

#### Hired Farmers: Just Laborers In the Rural Areas

While they were once farmers who owned their own land, they have now become renters. [Technically], they may still be the owners, but they are the owners in name only. But now, there is a new trend. The owners of the land have said that they will annul the contracts in order to use the land for other things such as planting gardens, raising fish or subdividing the land. Or the renters have not had the sense to continue paying the rent. And more and more of the children of the farmers who own plots that are too small to be divided have had to hire themselves out. These farmers do not own their own land. They live off their labor, which they exchange for money. This is the same as the laborers in the cities. But there are still few such hired farmers because usually such people go to work in the industrial factories. This gives the hired farmers much bargaining power. They can choose the employer that will pay them high wages. But in the present situation in which the creation of jobs in the industrial sector has stopped and some sectors have even laid off people and stopped hiring people, which has put 10,000 laborers out of work, many of these laborers [from the rural areas] have returned to the rural areas. This has caused people to compete for work in the rural areas. The hired farmers will no longer have any bargaining power. Furthermore, in the situation in which rice is not bringing a good price, this year, the farmers are not hiring many workers. The wages of the hired farmers have fallen. The various troubles have spread everywhere where there are farming activities. The problems will be difficult to solve unless the structure of our agricultural system is changed in order to cut this circle before a crisis develops.

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